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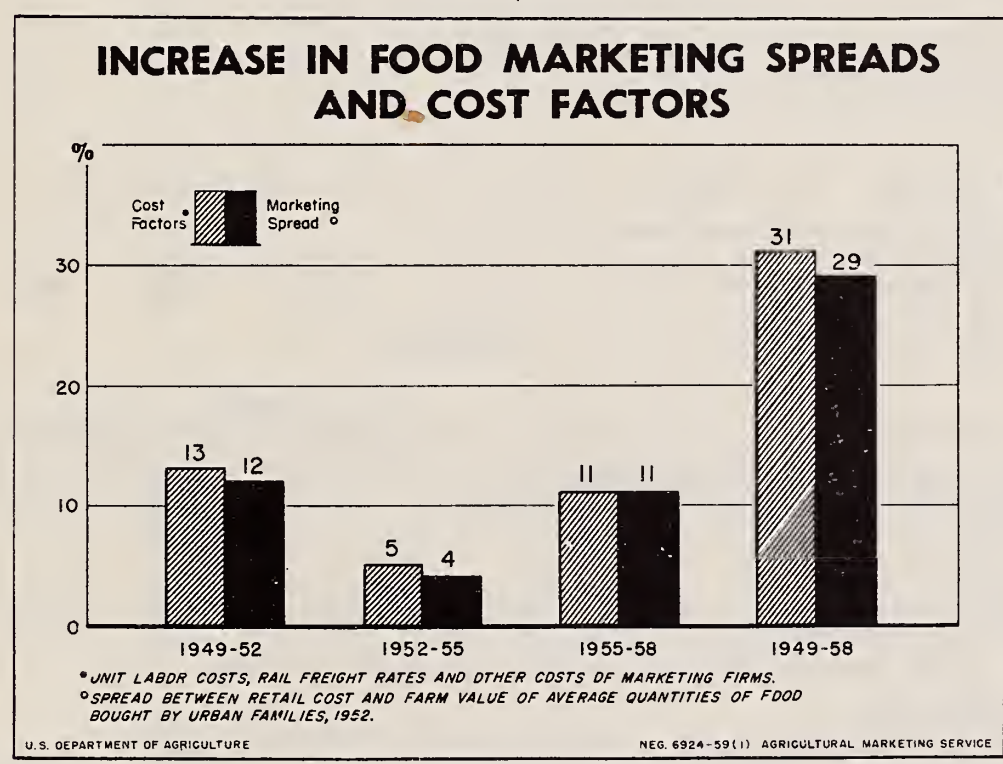
FEB. 5, P. M.

The MARKETING and TRANSPORTATION SITUATION

MTS-132



In this issue:
Price Spreads for Beef, Pork,
Dairy Products, Eggs, Frying
Chickens, Fruits and Vegetables



Charges for marketing farm-produced food products, as measured by the farm-retail spread, have risen with costs of labor, transportation, supplies, equipment, fuel and power, and the many other goods and services employed in performing marketing functions. Over a period of years increases in spreads and cost factors

have been almost equal. From year-to-year, however, there has been less agreement because the spread has tended to lag behind costs. During 1955-58 the rise in the spread and cost factors was more than double that from 1952 to 1955, but a little less than that from 1949 to 1952.

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UNITED STATES DEPARTMENT OF AGRICULTURE

STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period:	1957		1958		
		Year	Oct.-Dec.	Apr.-June	July-Sept.	Oct.-Dec.
<u>Farm-to-retail price spreads</u>						
Farm-food market basket: 1/						
Retail cost	Dol.	1,007	1,015	1,085	1,068	1,049
Farm value	Dol.	401	409	444	420	406
Farm-retail spread	Dol.	606	607	641	648	643
Farmer's share of retail cost	Pct.	40	40	41	39	39
Cotton Products: 2/						
Retail cost	Dol.	2.12	2.12	2.11	2.10	---
Farm value	Dol.	.32	.32	.32	.32	---
Farm-retail spread	Dol.	1.80	1.80	1.79	1.78	---
Farmer's share of retail cost	Pct.	15	15	15	15	---
Tobacco Products: 3/						
Retail cost	Dol.	3.65	---	---	---	---
Farm value	Dol.	.55	---	---	---	---
Federal and State excise taxes	Dol.	1.39	---	---	---	---
Farm-retail spread excluding excise taxes	Dol.	1.71	---	---	---	---
Farmer's share of retail cost	Pct.	15	---	---	---	---
<u>General economic indicators</u>						
Consumers' per capita income and expenditures: 4/						
Disposable personal income	Dol.	1,782	1,780	1,770	1,800	---
Expenditures for goods and services	Dol.	1,661	1,666	1,660	1,670	---
Expenditures for food	Dol.	388	389	398	395	---
Expenditures for food as percentage of disposable income	Pct.	22	22	22	22	---
		1957		1958		
		Year	Nov.	Sept.	Oct.	Nov.
Hourly earnings, production workers, manufacturing: 5/						
Hourly earnings of food marketing employees 6/	Dol.	2.07	2.11	2.14	2.14	2.17
	Dol.	1.90	1.94	1.98	1.99	2.01
Retail sales: 7/						
Food stores	Mil. dol.	3,981	4,028	4,169	4,187	4,215
Apparel stores	Mil. dol.	1,020	1,007	1,042	1,068	1,033
Manufacturers' inventories: 7/						
Food and beverage	Mil. dol.	4,802	4,732	4,598	4,694	4,732
Textile	Mil. dol.	2,656	2,628	2,499	2,490	2,456
Tobacco	Mil. dol.	2,013	1,965	1,838	1,857	1,862
Indexes of industrial production: 8/						
Food and beverage manufactures	1947-49=100:	113	110	115	115	115
Textiles and apparel	1947-49=100:	104	101	109	110	112
Tobacco manufactures	1947-49=100:	111	107	121	120	---
Index of physical volume of farm marketings	1947-49=100:	116	145	145	178	---
<u>Price indexes</u>						
Consumer price index 5/	1947-49=100:	120	122	124	124	124
Wholesale prices of food 5/	1947-49=100:	104	106	109	108	107
Wholesale prices of cotton products 5/	1947-49=100:	91	90	88	88	88
Wholesale prices of woolen products 5/	1947-49=100:	110	107	100	98	98
Prices received by farmers 9/	1947-49=100:	89	89	95	93	93
Prices paid by farmers 9/	1947-49=100:	114	115	118	118	118

1/ Average quantities of farm food products purchases per wage-earner and clerical-worker family in 1952.

2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U. S. Dept. Agr. Market. Res. Rept. 277. Revised; see p. 11.

3/ Data for 4 tobacco products from 1 pound of leaf tobacco (farm-sales weight), weighted by leaf equivalent of current tax-paid withdrawals; fiscal year beginning July 1957. 4/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. 5/ Dept. of Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. of Labor. 7/ Seasonally adjusted, Dept. of Commerce. Annual data for 1957 are on an average monthly basis. 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board January 29, 1959

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SUMMARY

Prices farmers received for farm food products rose sharply in the first quarter of 1958 but declined in the last three quarters. In the final quarter of 1958 they averaged a little lower than a year earlier. But this decrease was more than offset by higher marketing charges, so retail prices were still 3 percent higher than in the final quarter of 1957. Farmers received 39 cents of the consumer's food dollar in the final quarter of 1958 compared with 40 cents in October-December 1957.

The annual average retail cost of a family market basket of farm foods increased from \$1,007 in 1957 to \$1,065 in 1958. Farmers received about \$26 of this increase in the form of higher prices and \$32 went to marketing agencies. Higher prices for meat and meat animals accounted for more than half the rise in retail and farm prices from 1957 to 1958. Farmers received 40 cents of the dollar consumers spent for farm foods in retail stores in 1958, the same as in the 2 preceding years.

Farm-retail spreads for all food-product groups were higher in 1958 than in 1957. Percentage increases ranged from 3 percent for poultry and eggs to 7 percent for meat products. Farm-retail spreads for beef and pork reached new highs in 1958. The wholesale-retail segment of the farm-retail spread accounted for all of the increase for beef and nearly all the rise for pork. Reduced supplies of slaughter livestock and higher marketing costs were principally responsible for the higher prices and farm-retail spreads for meat. (For further discussion of prices and spreads for beef and pork see pp. 12-19.)

In contrast to the upward trend in spreads for almost all other food products, spreads for chickens and eggs have remained at about the same levels in recent years. This relative stability can be attributed to improvements in marketing efficiency, such as more direct marketing channels, larger and more specialized processing plants, and improvements in plant and equipment (pp. 20-27).

Marketing margins for all major dairy products increased during 1958. In recent years the single-quart price consumers paid for fluid milk has risen but increases in the proportion of milk sold in larger containers and to wholesale outlets, both at lower prices, have held down the unit value of distributors' sales (pp. 28-35).

Prices of citrus fruits, potatoes, and most fresh vegetables rose sharply in 1958, mainly because of severe weather damage to these crops. Marketing margins for fresh fruits and vegetables were higher in 1958, with largest increases scored by grapefruit, oranges, potatoes, and tomatoes. Retail price and margin increases for frozen orange concentrate were particularly great as the freeze-damaged Florida oranges were diverted to canned single-strength juice. Margins were smaller, however, for orange concentrate than for equivalent quantities of fresh oranges (pp. 36-45).

Most operating costs of food marketing firms were higher in 1958 than in the previous year. Hourly earnings of food-marketing employees averaged about 4 percent higher, but this increase was partly offset by increased output per man-hour. Rail freight rates for farm products averaged about 4 percent higher last year than in 1957, according to a preliminary estimate. Costs of most other goods and services used in marketing operations were higher.

Available data indicate that total profits of food-marketing firms were larger in 1958 than in the preceding year. Corporations manufacturing food products had slightly larger total profits in the first three quarters than in the same period of 1957. Total profits of retail food chains also increased in 1958 but the gain was considerably less than from 1956 to 1957.

Costs of performing marketing operations are likely to continue upward this year, accompanied by a further increase in charges for marketing farm food products. A further rise in employees' hourly earnings is likely, though improvements in productivity may prevent labor costs per unit of output from rising as much as hourly earnings. Further increases in most other costs are in prospect.

FARM-RETAIL PRICE SPREADS FOR FARM FOOD PRODUCTS

Marketing Charges Rise 5 Percent in 1958

Charges for assembling, processing, and distributing farm foods increased about 5 percent from 1957 to 1958. The farm-retail spread for the farm foods in the family "market basket" increased \$32 from an annual

average of \$606 in 1957 to \$638 in 1958. ^{1/} This is a larger increase than from 1956 to 1957 and the third largest year-to-year increase since 1947. Except for a small decline between 1949 and 1950, the annual average spread has risen each year since 1945 (table 1).

The farm-retail spread rose sharply during the first three quarters of 1958 but declined in the fourth quarter. A seasonal decline is normal in the fourth quarter but it was larger than usual in 1958. Despite the decline in the fourth quarter, the spread still averaged 6 percent larger than a year ago (table 19, p. 51)

Annual average spreads for each product group in the market basket increased from 1957 to 1958 (tables 16 and 17, pp. 48-49). Meat products, fruits and vegetables, and fats and oils showed the largest percentage increases, poultry and eggs the smallest.

Increases in farm-retail spreads in 1958 reflected higher costs of performing food-marketing functions. Hourly earnings of food-marketing employees averaged about 4 percent more in 1958 than in 1957 but improvements in labor productivity probably resulted in a smaller increase in labor cost per unit of product. Labor costs account for about half the charges for marketing farm food products.

In February 1958, the Interstate Commerce Commission authorized small increases in rail freight rate on most agricultural commodities. These increases varied by commodities. Railroads have made some reductions in rates on selected commodities within the last year in an effort to regain some of the volume lost to other forms of transportation. It is tentatively estimated that rail freight rates on agricultural products averaged about 4 percent higher in 1958 than in 1957. Trucking rates for agricultural commodities generally have followed rail freight rates upward, with increases varying considerably. Inland water carriers and freight forwarders also have increased their rates. At present, no requests for a general or broadly selective increase in rail freight rates on agricultural commodities are before the Interstate Commerce Commission. General or broadly selective rate increases have been approved in all except 4 of the 13 years, 1946-58.

Construction, machinery and equipment, and containers and packaging materials cost more in 1958 than in 1957, but increases were smaller than in previous years. Fuel and power costs were about 4 percent lower and gasoline and lubricating oil prices were down more than 6 percent.

^{1/} The "market basket" contains the average quantities of farm-produced food products purchased for consumption at home per urban wage-earner and clerical-worker family in 1952. Additional information concerning the contents of the market basket and methods of estimating market-basket data are given in "Farm-Retail Spreads for Food Products," U. S. Dept. Agr., Misc. Pub. 741, 1957. The farm value is the payment farmers received for the farm products equivalent to the foods in the market basket. The farm-retail spread or difference between the retail cost of the market basket and the farm value is an estimate of charges made by marketing agencies for assembling, processing, transporting, and distributing the products in the market basket. The farm-retail spread is also referred to as the marketing margin.

Table 1. - The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1947-58 ^{1/}

Year and month	Retail cost : 2/	Farm value : 3/	Farm-retail: spread :	Farmer's share
	Dollars	Dollars	Dollars	Percent
1947	911	467	444	51
1948	982	497	485	51
1949	928	435	493	47
1947-49 average ...	940	466	474	50
1950	920	432	488	47
1951	1,024	497	527	49
1952	1,034	482	552	47
1953	1,003	445	558	44
1954	986	421	565	43
1955	969	395	574	41
1956	972	390	582	40
1957	1,007	401	606	40
1958 ^{4/}	1,065	427	638	40
<u>1957</u> :				
Jan.	978	389	589	40
Feb.	987	383	604	39
Mar.	981	388	593	40
Apr.	992	394	598	40
May	1,000	393	607	39
June	1,014	402	612	40
July	1,029	411	618	40
Aug.	1,036	421	615	41
Sept.	1,026	412	614	40
Oct.	1,017	402	615	40
Nov.	1,012	408	604	40
Dec.	1,016	413	603	41
<u>1958</u> :				
Jan.	1,042	422	620	40
Feb.	1,049	430	619	41
Mar.	1,075	456	619	42
Apr.	1,085	452	633	42
May	1,085	447	638	41
June	1,084	434	650	40
July	1,080	425	655	39
Aug.	1,065	416	649	39
Sept.	1,060	419	641	40
Oct.	1,053	410	643	39
Nov.	1,049	407	642	39

^{1/} The farmer's share and index numbers of the retail cost, farm value, and farm-retail spread for the years 1913-56 are published in "Farm-Retail Spreads for Food Products," U. S. Dept. of Agr. Misc. Pub. 741, 1957.

^{2/} Retail cost of average quantities of farm foods purchased per urban wage-earner and clerical-worker family in 1952, calculated from retail prices collected by the Bur. of Labor Statistics.

^{3/} Payment to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

^{4/} Preliminary estimates.

: Current data are given in the Statistical Summary, :
: a monthly publication of the Agricultural Marketing Service. :

According to a joint report by the Federal Trade Commission and Securities and Exchange Commission, net profits after taxes of food manufacturing corporations totaled about 1 percent more in the first three quarters of 1958 than in the same period of 1957. Earnings reports of eight major retail-food chains indicate that their total net profits increased but less than in 1957.

Wages are likely to increase again in 1959 as they have each year since 1939. Average hourly earnings of food marketing firms in December were above the 1958 average of \$1.98. However, further advances in productivity are expected in 1959.

State and local taxes are likely to rise again in 1959 because of increasing costs of goods and services and greater demand for Government services. Costs of packaging materials and containers probably will increase along with rent, depreciation, and miscellaneous expenses. The decline in fuel and utility costs in 1958 probably will not continue in 1959.

The farm-retail spread tends to vary with costs of labor, transportation, supplies, and the many other goods and services involved in marketing. (See chart on cover.) As the spread tends to lag behind costs, variations from year to year are not as close as those over longer periods. In 1956 the spread apparently increased less than costs, in 1957 both rose in about the same proportion, but in 1958 the spread increased more than costs. Over the 1955-58 period both rose by about the same proportion. The prospective rise in costs next year suggests a further increase in the farm-retail spread.

Farm Value Increases for Second Consecutive Year

The farm value of the food in the market basket rose from an annual average rate of \$401 in 1957 to \$427 in 1958 (table 1). This 6-percent rise was the largest since 1951. Substantial increases for meat products and fruits and vegetables more than offset large decreases for the bakery and cereal products, fats and oils, and dairy products groups. The groups whose farm value increased accounted for 68 percent of the total market basket farm value in 1958; those showing decreases accounted for 32 percent.

The farm value of the market basket gained 7 percent from the final quarter of 1957 to the first quarter last year; considerably more than the normal seasonal increase of 1 percent. Prices farmers received for citrus fruits and fresh vegetables rose sharply, mainly because of unfavorable weather last winter. Prices of meat animals increased as a result of reduced marketings by farmers. These price increases accounted for more than half of the rise in the market basket farm value. In the second quarter the farm value made only the normal seasonal increase and in the third quarter dropped more than 5 percent. The fourth quarter showed the normal seasonal decrease of about 3 percent; the average for this quarter was 1 percent below that for the same quarter of 1957 (table 18, p. 50).

Table 2.- The market basket of farm food products: Annual average retail cost, farm value, farm-retail spread, and farmer's share, 1957 and 1958

Product group	12-month	12-month	Change -	
	average	average	1958 from 1957	
	1957	1958	Actual	Percentage
	Dollars	Dollars	Dollars	Percent
	Retail cost			
Market basket	1,007.41	1,064.43	57.02	6
Meat products	259.15	292.02	32.87	13
Dairy products	191.35	194.04	2.69	1
Poultry and eggs	93.92	96.50	2.58	3
Bakery and cereal products..	156.69	159.84	3.15	2
All fruits and vegetables...	218.72	233.67	14.95	7
Fats and oils	45.36	44.90	-.46	-1
Miscellaneous products	42.23	43.46	1.23	3
	Farm value			
Market basket	401.46	426.58	25.12	6
Meat products	139.73	163.89	24.16	17
Dairy products	88.25	86.98	-1.27	-1
Poultry and eggs	57.39	59.00	1.61	3
Bakery and cereal products..	32.14	29.91	-2.23	-7
All fruits and vegetables...	62.23	67.37	5.14	8
Fats and oils	14.48	12.22	-2.26	-16
Miscellaneous products	7.24	7.20	-.04	1
	Farm-retail spread			
Market basket	605.95	637.85	31.90	5
Meat products	119.42	128.13	8.71	7
Dairy products	103.10	107.06	3.96	4
Poultry and eggs	36.53	37.50	.97	3
Bakery and cereal products..	124.55	129.93	5.38	4
All fruits and vegetables...	156.49	166.30	9.81	6
Fats and oils	30.88	32.68	1.80	6
Miscellaneous products	34.99	36.26	1.27	4
	Farmer's share of retail cost			
	Percent	Percent	Percent	
Market basket	40	40	0	
Meat products	54	56	2	
Dairy products	46	45	-1	
Poultry and eggs	61	61	0	
Bakery and cereal products..	21	19	-2	
All fruits and vegetables...	28	29	1	
Fats and oils	32	27	-5	
Miscellaneous products.....	17	17	0	

The farm value probably will decline in 1959, mainly because of reductions in meat animal prices. Prices of potatoes, fresh vegetables, and citrus fruits also will be lower than last year unless weather conditions are again unfavorable.

Largest Rise in Retail Costs Since 1951

The annual average retail cost of the foods in the market basket in 1958 increased 6 percent over the 1957 average. It rose from \$1,007 to \$1,065 which surpassed the previous record of \$1,034 in 1952 (table 1). ^{2/} All product groups except fats and oils increased; the meat products group was the leader with a 13-percent rise. Retail prices of fats and oils products averaged about the same in both years.

The retail-cost pattern of the market basket in 1958 was similar to the farm-value pattern. It rose in the first and second quarters and declined in the third and fourth quarters. Normally the retail cost decreases slightly in the first and fourth quarters and increases slightly in the second and third quarters. New highs for each quarter were established in 1958.

Farmer's Share Remains at 40 Percent

The farm value was 40 percent of the market basket retail cost for the third straight year, the longest period of stability since 1924. ^{3/} During 1935-39 the farmer's share also averaged 40 cents.

The farmer's share of the consumer's food dollar declined from its peak of 53 cents in 1945 to 40 cents in 1956, except for a slight increase from 1950 to 1951. In 1958 the farmer's share averaged 41 cents in the first half of the year and 39 cents in the second.

Changes in Annual Averages, 1957 to 1958, by Product Groups ^{4/}

Meat Products.- The farm value of the meat products group increased \$24 in 1958 and the marketing margin rose \$9, resulting in a \$33 increase in the retail cost (table 2). The retail value was higher only in 1951. The 17-percent increase in the farm value was the largest percentage increase in the annual average since 1947 but the farm value in 1958 still averaged 18 percent below its peak in 1951. The farmer's share of the consumer's meat dollar rose from 54 to 56 percent. This was the second consecutive year this percentage has risen, after declining continually

^{2/} The retail cost of the market basket of farm foods is less than the retail cost of all foods bought per family. The market basket of farm foods does not include imported foods, fishery products and other foods of nonfarm origin, or costs of meals purchased in public eating places.

^{3/} Estimates of the division of retail cost between farmers and marketing agencies are based on concurrent prices at the farm and retail levels, except for processed fruits and vegetables and sugar. During a period of rising prices, the farmer's share calculated on this basis is somewhat larger than the share derived by comparing prices received by farmers for particular lots of products with prices paid by consumers for the same lots after they have moved through the marketing system. The reverse is true in periods of declining prices.

^{4/} For further information concerning the product groups, see article on beef and pork (pp. 12-19), eggs and frying chickens (pp. 20-27), dairy products (pp 28-35), and fruits and vegetables (pp. 36-45).

between 1951 and 1956. The farm value and retail cost of the meat products group increased in 1958, mainly because of reduced marketings of both cattle and hogs. The production of meat animals follows a cyclical pattern. The cyclical low came in 1958 for both cattle and hogs. It has been many years since cyclical lows came at the same time for both species.

Beef accounted for most of the increase in the retail cost, farm value, and farm-retail spread of the meat products group, but pork, veal, and lamb also contributed to these increases. Veal had the highest percentage increase but its effect on the meat products group totals was limited by its small weight in the group. Both the retail price and farm value of lamb increased but the farmer's share did not change. The spread rose to a new high for the fourth straight year.

Dairy Products.- The annual average retail cost of the dairy products group increased \$3 or 1 percent to a new high in 1958 and the farm value dropped \$1. The farm-retail spread increased again, as it has every year since 1949. The farmer's share declined from 46 to 45 percent.

The farm-retail spread increased and the farm value decreased for each item in the dairy products group. However, the farm value decreases generally did not offset the margin increases, so the retail cost increased for all items except butter. The farmer's share decreased for each item except ice cream for which it remained unchanged.

Poultry Products.- The retail cost, farm value, and the farm-retail spread of this group each increased 3 percent from 1957 to 1958.

Bakery and Cereal Products.- The farm value declined about 7 percent in 1958 to its lowest level since 1949. The farm-retail spread again rose to a new high as it has each year since 1946 and the retail cost set a new high for the ninth consecutive year. The farmer's share declined to 19 percent, the lowest level since 1940.

The farm-retail spread for bread, the most important product in this group, widened about 5 percent from 1957 to 1958. This increase was entirely in the baker-wholesaler segment of the spread. The retail price of bread rose about 3 percent and the farm value declined 6 percent. Bread prices rose by almost 2 cents in several major cities during the latter part of 1958. ^{5/}

Fruits and Vegetables.- This group's retail cost and spread established new records but the farm value showed the greatest percentage increase over 1957. The farm value rose 8 percent, the retail cost 7 percent, and the spread 6 percent. The spread has not decreased significantly since 1950. The farmer's share increased from 28 to 29 percent.

Fats and Oils.- The farm value of fats and oils declined more than \$2 (16 percent) in 1958 to the lowest level since 1941. But the farm-retail spread increased by about the same amount, so the retail cost decreased only slightly. The farmer's share of the retail dollar consumers spent

^{5/} For a discussion of recent trends in marketing costs and spreads for bread, see the July 1958 issue of this Situation.

for these products declined from 32 cents to 27 cents. This is a new low for the annual average farmer's share. Most of the decrease in farm value can be traced to sharply lower prices for soybeans and cottonseed which supply the principal ingredients of margarine, vegetable shortening, and salad dressing.

:
:
: REVISED MARKET BASKET DATA :
: Revised 1957 data, by quarters, for the farm food market:
: basket are given in table 21, pages 53-55. :
:

:
:
: NEW PRICE SPREADS FOR COTTON PRODUCTS :
:
:
: New price-spreads data for cotton products are published:
: on the inside of the front cover of this issue. They :
: are not comparable with similar data for 42 cotton :
: articles previously published in this Situation. The :
: new data are for cotton articles equivalent to 1 pound :
: of lint cotton. Two steps are involved in estimating :
: the new retail cost figure. First, the retail cost of :
: a family's annual purchases of 25 cotton articles is :
: calculated. The quantity of each item used in this :
: calculation represents the family's annual purchases of :
: that article and of similar articles for which retail :
: prices are not available. Quantity data have been :
: estimated from family expenditures data for 1950, col- :
: lected by the Bureau of Labor Statistics. To obtain :
: the retail cost per pound of lint cotton published in :
: this Situation, the total retail cost of these articles :
: is divided by the number of pounds of lint cotton re- :
: quired for their manufacture. The farm value is the :
: average price per pound farmers received for cotton of :
: the kinds typically used in these products, with a :
: deduction for the estimated value of salable spinning :
: waste. :
:
: Annual price-spreads data comparable to those published :
: in this issue are given for the years 1935-57 in the :
: U. S. Department of Agriculture Marketing Research :
: Report 277, "Farm-Retail Price Spreads for Cotton Prod- :
: ucts," issued in October 1958. The Agricultural Market- :
: ing Service developed the new series to make use of new :
: retail-price data and to improve the estimates of the :
: farm value. These changes provide a more reliable :
: measure of the farm-retail spread. :
:

PRICE SPREADS FOR BEEF AND PORK 1/

:
: Farm-retail price spreads for U. S. Choice grade beef and for :
: pork reached new highs in 1958. 2/ Spreads for beef were :
: about 12 percent greater in 1958 than in 1957, the biggest :
: year-to-year increase in the annual average since that from :
: 1947 to 1948. Farm-retail spreads for pork increased by :
: about 3 percent from 1957 to 1958. :
:
: Both the retail price and farm value of Choice grade beef in :
: 1958 were the highest since 1952. For pork, the retail price :
: equaled the record level of 1954. Farm values for pork in :
: 1958 averaged 13 percent lower per pound (retail weight) than :
: the record level of 1947 but almost 12 percent greater than :
: the 1957 farm value. :
:

Beef

Farm-Retail Spreads

Farm-retail spreads for U. S. Choice grade beef increased from an annual average of 27.6 cents per pound (retail weight) in 1957 to 31.0 cents in 1958 (fig. 1). This rise was the largest year-to-year increase in the annual average since the rise of 27 percent from 1947 to 1948. It was more than twice the percentage increase from 1956 to 1957.

The farm-retail spread in 1958 was 38 percent wider than in 1951 when consumers were paying the highest price in history for U. S. Choice grade beef. The annual average farm-retail spread has risen each year since 1954 when the average of 24.3 cents was 1 cent below the preceding year. It increased to 25.3 cents per pound of beef sold by retailers in 1955 and to 26.2 cents in 1956. Cattle slaughter increased substantially during 1955-56, causing farm prices to drop, but retail prices declined only slightly.

Since 1956, estimated annual average prices for U. S. Choice grade beef have risen at the farm, wholesale, and retail levels. The increases in the farm-retail margin during the last 2 years reflected the widening in the wholesale-retail margin. The live-wholesale spread decreased during this period.

1/ Prepared by Victor B. Phillips and Betty Sue Pence, Agricultural Economists, Market. Res. Div., Agr. Market. Serv.

2/ The marketing margin or farm-retail price spread is the difference between the price per pound the consumer pays for beef or pork at retail and the farm value or payment the farmer receives for an equivalent quantity of live animal. It is a gross return to marketing agencies for the distributing and processing services required to move live animals from the farm and to convert them to meat in the consumer's hands.

Retail Prices

Retail prices of Choice grade beef in 1958 averaged 81.0 cents per pound (fig. 1). This was 10.4 cents higher than in 1957, 6.3 cents higher than the 1951-58 average but 7.2 cents below the record annual average of 88.2 cents in 1951. This record was established during the expansion phase of the 1949-58 production cycle in a year when cattle slaughter was exceptionally low. By 1953, however, as the cattle cycle approached the end of the expansion phase, retail prices had dropped by 22 percent. During the latter part of 1953, retail prices regained part of their earlier losses. They remained relatively stable at about 68 cents per pound throughout 1954 and 1955. Beginning with the second quarter of 1956, retail prices trended upward, reaching a high of 82.8 cents per retail pound in the second quarter of 1958.

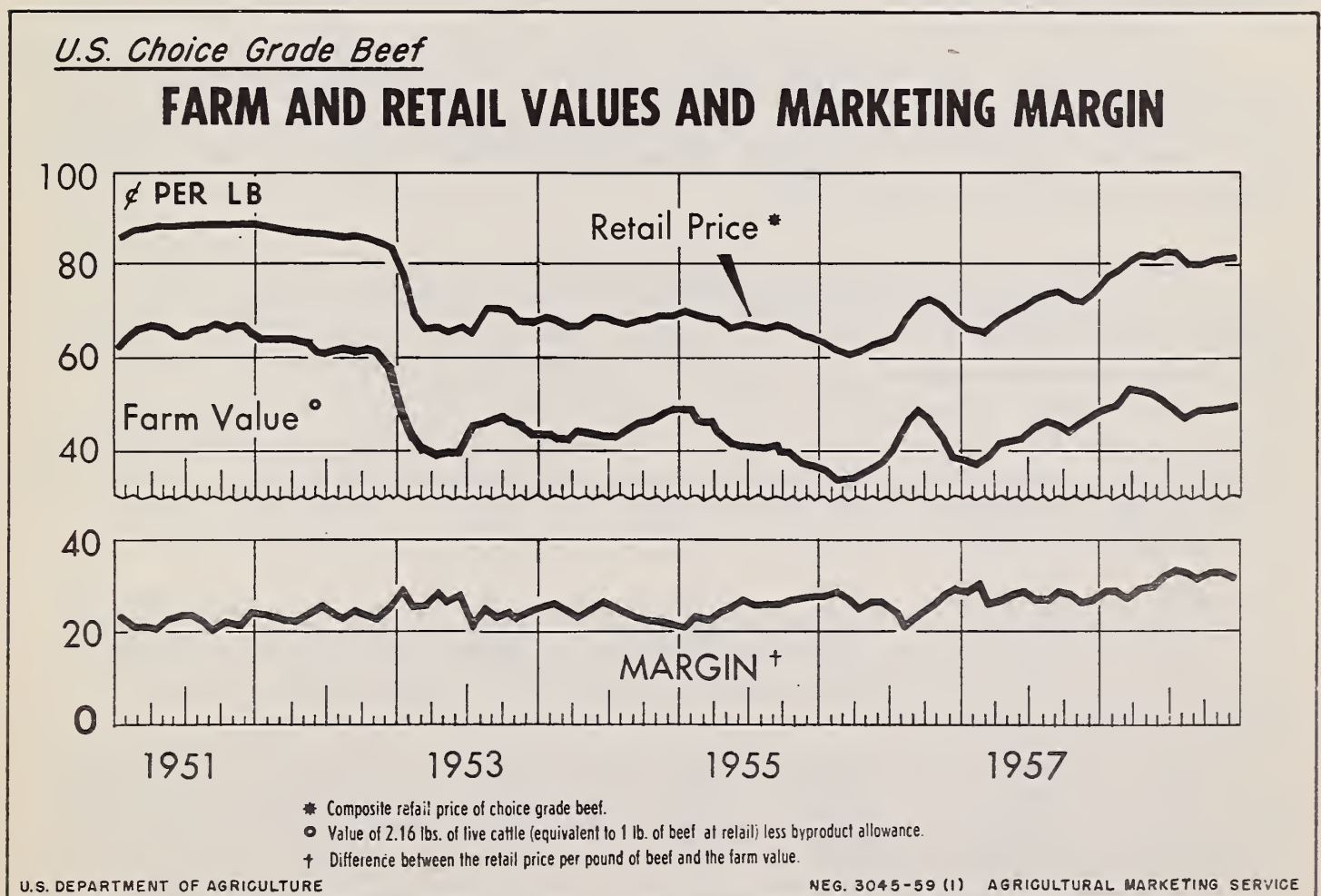


Figure 1

Farm Value

The farm value of U. S. Choice grade beef in 1958 averaged 50.0 cents per pound (retail weight basis), 7 cents above 1957 (fig. 1). ^{3/} The 1958 average was about 16 cents lower than the record in 1951. As in 1951, increasing farm values in 1957 and in 1958 reflected reduced beef cattle supplies from the previous year. Beef production decreased about 2 percent in 1957 and 6 percent in 1958.

Expansion in cattle slaughter in 1952 and 1953 brought a decline in the farm value and retail price. Cattle slaughter increased from 17 million head in 1951 to more than 24 million head in 1953. Farm values increased slightly in 1954 while retail prices continued to decline and marketing margins were "squeezed." During 1955 and 1956, margins again widened as farm values of U. S. Choice grade beef dropped at a much faster rate than retail prices. Large and increasing supplies of beef and other meats were mainly responsible for these reductions in price at the farm level.

Live-Wholesale Spreads

Movements of the live-wholesale and wholesale-retail spreads -- the components of the farm-retail price spread -- were roughly parallel during 1951-58. They got out of step occasionally in the short run, generally because prices at one level of marketing were slow in responding to changes in prices at the other.

The live-wholesale spread -- the charges for the slaughtering and wholesaling functions of the marketing job -- averaged \$2.29 per 100 pounds live weight in 1958, 44.0 cents less than in 1957 (table 3). ^{4/} Wholesale prices of beef carcasses and prices of beef cattle in 1958 were the highest since 1951. Prices of steers at public stockyards increased by \$4.13 per 100 pounds live weight from 1957 to 1958 and the average wholesale value of carcass and byproducts rose \$3.69. Reduction in the supply of slaughter cattle was closely associated with these increases in prices.

^{3/} The farm value is the payment farmers receive for the quantity of live steer equivalent to 1 pound of Choice grade beef in the retail store. It is the price per pound received by farmers calculated on a retail-weight basis.

^{4/} The live-wholesale spread is the difference between the average public stockyard price per 100 pounds for Choice grade steers and the average value of 59 pounds of carcass beef plus the byproducts (heart, liver, tallow, hide, etc.).

Table 3.- Beef (Choice grade): Live-wholesale and wholesale-retail spreads, by quarters, 1957-58 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)				Wholesale-retail (per 100 pounds carcass weight)			
	Wholesale value				Spread			
	Price of steers ^{2/}	Carcass ^{3/}	Byproducts	Total	Wholesale price ^{4/}	Retail value ^{5/}	Spread	
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
<u>1957</u>								
Jan.-Mar.	20.84	21.48	1.92	23.40	2.56	36.40	53.12	16.72
Apr.-June	22.85	23.39	2.15	25.54	2.69	39.65	55.76	16.11
July-Sept.	24.30	25.15	2.30	27.45	3.15	42.62	58.56	15.94
Oct.-Dec.	24.27	24.68	2.06	26.74	2.47	41.83	58.48	16.65
Average	23.06	23.68	2.11	25.79	2.73	40.12	56.48	16.36
<u>1958</u>								
Jan.-Mar.	27.09	27.36	2.17	29.53	2.44	46.37	63.04	16.67
Apr.-June	28.46	27.98	2.40	30.38	1.92	47.43	66.24	18.81
July-Sept.	26.39	26.64	2.35	28.99	2.60	45.16	6/65.04	6/19.88
Oct.-Dec. ^{7/} ..	26.81	26.67	2.34	29.01	2.20	45.20	64.72	19.52
Average ^{7/} ..	27.19	27.16	2.32	29.48	2.29	46.04	64.76	18.72

^{1/} Quarterly data for 1949-55 are published in "Beef Marketing Margins and Costs," U. S. Dept. Agr. Misc. Pub. 710, Feb. 1956, tables 1 and 3.

^{2/} Weighted average of price at 21 leading public stockyards.

^{3/} Wholesale carcass value is 59 percent of average wholesale price of 100 pounds of Choice grade carcass beef.

^{4/} Weighted average of prices of Choice grade carcass beef in New York, Chicago, Los Angeles, San Francisco, and Seattle.

^{5/} Calculated from average retail prices of beef cuts in urban areas, published by Bur. of Labor Statistics. The retail value per 100 pounds carcass weight is 80 percent of average retail cost of 100 pounds of retail cuts, because about 20 pounds of a 100-pound carcass is fat, bone, and trim which is sold by retailers at nominal prices.

^{6/} Revised.

^{7/} Preliminary

Table 4.- Pork: Live-wholesale and wholesale-retail spreads, by quarters, 1957-58 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)			Wholesale-retail (per 100 pounds major cuts)		
	Wholesale value			Spread		
	Price of hogs ^{2/}	Wholesale value ^{3/}	Spread	Wholesale price ^{4/}	Retail price ^{5/}	Spread
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
<u>1957</u>						
Jan.-Mar.	17.76	23.45	5.69	42.70	56.57	13.87
Apr.-June	19.09	24.35	5.26	45.20	59.21	14.01
July-Sept.	20.77	26.49	5.72	49.16	65.16	16.00
Oct.-Dec.	18.08	23.73	5.65	43.56	58.92	15.36
Average	18.92	24.50	5.58	45.16	59.96	14.80
<u>1958</u>						
Jan.-Mar.	20.59	26.19	5.60	48.66	62.85	14.19
Apr.-June	22.65	28.11	5.46	51.90	66.04	14.14
July-Sept.	21.85	27.74	5.89	51.28	6/67.24	6/15.96
Oct.-Dec. ^{7/} ..	18.97	24.74	5.77	45.47	62.08	16.61
Average ^{7/} ..	21.02	26.70	5.68	49.33	64.55	15.22

^{1/} Quarterly data for 1949-55 are published in "Pork Marketing Margins and Costs," U. S. Dept. Agr. Misc. Pub. 711, Apr. 1956, tables 1 and 2.

^{2/} Average price of 200-220 pound barrows and gilts, Chicago.

^{3/} Wholesale value at Chicago of 71 pounds of pork and lard obtained from 100 pounds of live hog.

^{4/} Wholesale price of 100 pounds of major pork cuts at Chicago computed from Livestock Market News and National Provisioner price quotations of individual cuts.

^{5/} Calculated from average retail prices of major pork cuts in urban areas, published by Bur. of Labor Statistics.

^{6/} Revised.

^{7/} Preliminary.

Wholesale-Retail Spreads

The wholesale-retail spread for beef reached an alltime high in 1958 at an annual average of \$18.72 per 100 pounds carcass weight (table 3). ^{5/} During 1954-58 the wholesale-retail spread widened steadily but it increased most during the last 2 years of this period. In 1958 it was about 14 percent wider than in 1957 and more than 26 percent wider than in 1956.

Pork

Farm-Retail Spread

The 1958 annual average farm-retail spread for pork (excluding lard) set a new high of 27.7 cents per pound retail weight, 0.7 cent more than in 1957 and about 3.0 cents more than the 1951-58 average (fig. 2). Since 1953, when it was 22.5 cents, the farm-retail spread has widened every year except 1956 when it declined by less than 1.0 cent per retail pound. It increased by about 6 percent in 1954. During 1955, the decline in retail prices did not keep pace with rapidly falling farm values, causing the spread to widen to an average of 25.6 cents per pound. Spreads averaged slightly lower in 1956 than in 1955, dropping 0.7 cent from the 1955 level. This relatively small decrease resulted from slight decreases in both live-wholesale and wholesale-retail gross margins.

Farm-retail spreads usually have been about the same for beef and pork. From 1957 to 1958, however, the increase in the spread for beef in cents per retail pound was about five times that for pork. The percentage increase for pork was about 3 percent compared with about 12 percent for beef. Increases in both the live-wholesale and wholesale-retail spreads accounted for the widening in the farm-retail spread for pork during 1958.

Retail Prices

Retail prices of pork in 1958 averaged 64.8 cents per pound, an increase of 4.6 cents over 1957. The 1958 average equaled the record annual average established in 1954 and was 5.2 cents more than the 1951-58 average.

From 1954 to 1955 retail prices dropped sharply, causing a decline in the annual average of 10 cents per retail pound. The low for the 1951-58 period was reached in 1956, when retail prices averaged 52.1 cents. Retail prices in 1958 were 24 percent higher than the 1956 level and about 8 percent higher than in 1957.

^{5/} The wholesale-retail spread is the difference between the average wholesale carcass price per 100 pounds of U. S. Choice grade beef and the value of 80 pounds of retail cuts. (About 20 pounds of a 100-pound carcass is fat, bone and trim which the retailer sells at nominal prices.) This spread or margin covers the services retailers provide in fabricating carcasses into smaller cuts suitable for retail trade.

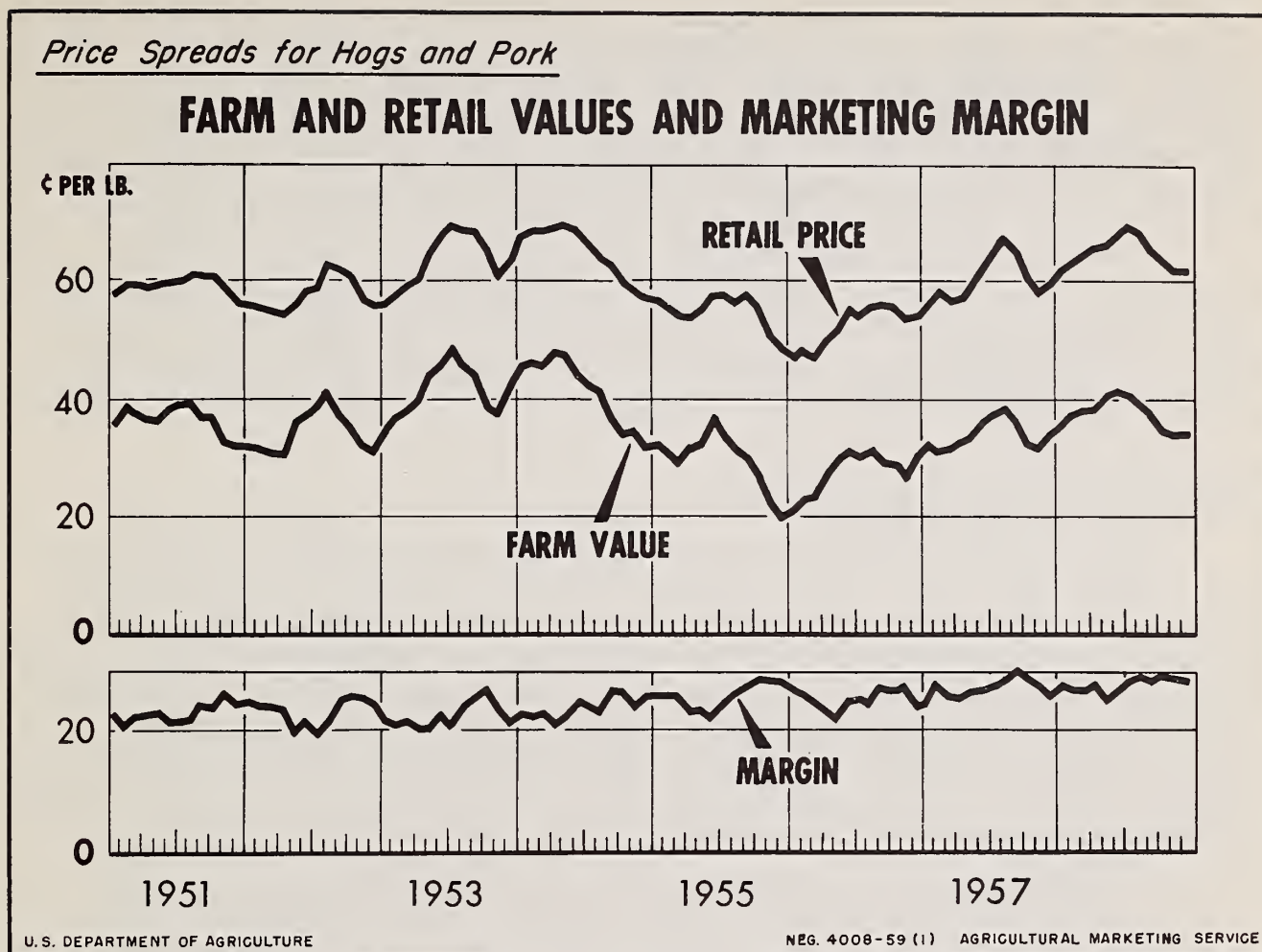


Figure 2

Farm Value

The farm value of pork averaged 37.1 cents per pound (retail weight) in 1958, about 12 percent higher than in 1957. ^{6/} Prices of barrows and gilts, which mainly determine the farm value of pork, were higher in 1958 than in any year since 1954.

In 1954, when pork production dropped to less than 10 billion pounds, farm values were at a high of 41.0 cents per retail pound. During the following 2 years, production of pork increased by about 14 percent to more than 11 billion pounds in 1956, when the expansion phase of the hog production cycle ended. Farm values dropped by 34 percent during this period (1954-56). In 1957 and 1958, hog slaughter declined, chiefly because producers chose to retain more of their gilts for expansion purposes, and farm values increased.

^{6/} The farm value is payment farmers received for the quantity of live hog equivalent to 1 pound of pork in the retail store. It is the price per pound received by farmers calculated on a retail-weight basis.

Live-Wholesale Spread

In 1958, the live-wholesale spread for pork averaged \$5.68 per 100 pounds live weight, 10.0 cents more than in 1957 (table 4). ^{7/} Changes in this spread during the year were due primarily to seasonal factors. For example, during the fall and winter months of 1957 and 1958, when hog marketings increased seasonally, the live-wholesale spread widened; during the spring and summer when marketings declined, it narrowed.

When hog marketings are high, the demand for hog marketing services is high. The supply of these marketing services, which is dependent on labor supply, plant, and equipment, is rather inflexible in the short run. This inflexibility tends to exert an upward pressure on charges for marketing services. The converse tends to be true when hog marketings are light.

Wholesale-Retail Price Spread

Retail spreads and average retail values for pork in 1958 both increased over 1957. The retailer's spread reached a record annual average of \$15.22 per 100 pounds carcass weight, an increase of about 3 percent over 1957 (table 4). ^{8/} Retail values climbed to a near record of \$64.55, about 8 percent above those of a year earlier. Wholesale prices also were higher in 1958, averaging \$49.33 per 100 pounds of major pork cuts. The widening in the wholesale-retail spread for pork during 1957-58 reflected the greater increases in retail values than in wholesale prices.

Some Factors Associated with the Uptrend in Price Spreads

Farm-retail spreads for beef increased by about 38 percent during 1951-58, and spreads for pork widened over 20 percent. However, price spreads for both species fluctuated over short periods. The longest and most pronounced downward movement in the spread for beef was during the latter half of 1954 and for pork from the end of 1955 to the middle of 1956. These fluctuations were mainly dependent upon factors which caused short-term changes in retail prices of meat and farm prices of meat animals. On the other hand, the year-to-year and longer term movements in farm-retail price spreads were for the most part related to the increased costs of providing marketing services. Farm-retail spreads for meat products increased by 44 percent over the last decade and by 7 percent from 1957 to 1958.

The principal factors underlying year-to-year and longer term changes in farm-retail price spreads appear to be the increased costs of transportation, labor, and equipment, coupled with costs of added marketing services which consumers seem to want and for which they are willing to pay. These cost items are embodied in three rather broad functional operations: Marketing livestock, packing-wholesaling, and retailing.

^{7/} The live-wholesale price spread (or packer spread) for pork is the difference between the live weight price of hogs per 100 pounds and the wholesale value of 47 pounds of major fresh and cured cuts which include hams, loins, picnics, butts, and spare ribs, about 9 pounds of minor edible products, such as neck bones, trimmings, fat, head meat, heart, and liver, and 15 pounds of lard. These quantities are approximate yields of wholesale products from 100 pounds of live hog.

^{8/} The wholesale-retail price spread or retailer spread is the difference between the average wholesale price and retail price of 100 pounds of fresh and cured pork products.

Cost of marketing livestock, including the charges for truck and rail transportation and for services at livestock markets, has increased over the last 10 years. Rail freight rates for livestock were about two-fifths higher in 1957 than in 1958 ^{9/} and the railroads increased their freight rates again in 1958. ^{10/} In recent years, the major proportion of livestock has been transported to market by truck. While data are not available on changes in truck rates, it was recently reported that most regulated interstate truckers raised their rates during the period August 1957-February 1958. Exempt haulers probably raised their rates also, though even less rate information regarding these haulers is available.

The second broad function is slaughtering, processing, and wholesaling. Between 1947 and 1956, gross margins in the meatpacking industry increased substantially relative to sales according to sales, according to an industry report, but they dropped slightly in 1957. ^{11/} The meat-packer's gross margin covers the slaughtering and processing and the major share of the wholesaling function. More specifically, the packer's margin includes wages and salaries, supplies and containers, transportation, taxes, depreciation, interest, other expenses, and profits.

The margin for retailing, the third broad function, covers the costs of fabricating carcasses and wholesale cuts into smaller cuts available for retail trade. According to a report published by the Department of Agriculture, wages and salaries comprise about two-thirds of the total costs of retailing meats. ^{12/} Data available from various trade associations indicate that in recent years gross margins of meat departments in retail food stores generally have been around 18 to 20 percent of sales. Since 1949, the retailer's margin, on a per 100-pound wholesale weight basis, has increased about 48 percent for pork and almost 57 percent for beef.

The processing and distribution of meat have become more efficient in recent years. According to an industry report, the number of hours of labor required to convert animals from the farm to meat for the consumer has decreased. Meat slaughtered, in total pounds live weight, by the wholesale meat industry increased 17 percent between 1947 and 1954 with little increase in the labor force in the industry. Retailing of meat increasingly has become a self-service operation. Mass procurement by food chains and cooperative wholesale-retail organizations has improved efficiency in the transfer of meat from packinghouses to retail outlets. Fundamental structural and organizational changes in the meat wholesaling and retailing industries have, according to a recent report, accentuated this trend. ^{13/} These improvements in efficiency, however, have not been enough to overcome the rising costs of the input factors which must be used to provide the marketing services consumers indicate they want and need.

^{9/} "Annual rail freight rate indexes for selected agricultural commodities," Transportation and Facilities Branch, Agr. Market. Serv.

^{10/} "Recent Rail Freight Rate Increases," by Celia Sperling and Clem C. Linnenberg, Jr., The Marketing and Transportation Situation, Agr. Market. Serv., Apr. 1958.

^{11/} "Financial Facts about the Meat Packing Industry, 1957," issued by American Meat Institute, July 1958.

^{12/} Farstad, Edmund, and Brensike, V. John, "Cost of Retailing Meats in Relation to Volume," U. S. Dept. Agr., Market. Res. Rpt. 24, Aug. 1952.

^{13/} Williams, Willard F., "Structural Changes in the Meat Wholesaling Industry," Journal of Farm Economics, Vol. 15, May 1958, pp. 315-29.

MARKETING SPREADS FOR EGGS AND FRYING CHICKENS
IN THE UNITED STATES AND SELECTED CITIES 1/

:
: Farm-retail price spreads for eggs rose 6 percent in 1958 :
: to their highest level since 1952 and were more than 2 :
: percent higher than the annual average for 1950-58. Re- :
: tail prices and farm values for eggs increased about 6 :
: and 5 percent, respectively, from 1957 to 1958. Farm- :
: retail price spreads on frying chickens declined slightly :
: in 1958 to their lowest level since 1950, except for 1955. :
: Retail prices for frying chickens declined 0.5 cent from :
: 1957 to 1958 and farm values dropped 0.4 cent. Both were :
: at their lowest levels since 1950. :
:
: This article describes recent changes in prices and price :
: spreads at various market levels for eggs and frying :
: chickens. :
:

Eggs

Spreads between retail prices and farm values of eggs in 1958 averaged 19.4 cents per dozen -- 1.1 cents more than in 1957 and about 0.5 cent more than the average of 18.9 for the 9 years, 1950-58 (table 5). Retail prices paid by urban consumers in the United States and farm values for eggs in 1958 increased 3.1 and 2.0 cents a dozen, respectively, over 1957. 2/ The farmer's share of the retail price of eggs remained at 67 percent.

Annual average farm-retail price spreads have varied within the range of 17.8 cents to 20.4 cents a dozen since 1950. Retail prices and farm values have fluctuated considerably more, but both have changed by approximately equal amounts. The annual average farmer's share of the retail price has varied from 67 to 73 percent.

Annual farm-retail price spreads for eggs have fluctuated less since 1950 than retail prices and farm values despite rising wages and prices of other inputs. This relative stability was the result of improving efficiency in the egg marketing system. Some of the major efficiency factors which have held down price spreads have been: (1) Trends toward integration of egg-marketing functions which have resulted in the assembling, grading, and cartoning of eggs at large country assembly plants, and distribution by these plants directly to retail stores in urban areas. Cost factors such as labor, land, and taxes often are available at lower rates in rural than in urban areas.

1/ Prepared by Leo R. Gray, Agricultural Economist, and William L. Mitchell, Marketing Specialist, Market. Res. Div., Agr. Market. Serv.

2/ Farm value for eggs is the average payment received by producers for 1.03 dozen eggs.

Table 5.- Eggs and frying chickens: Retail price, farm value, farm-retail spread, and farmer's share of the retail price, United States urban areas, annual, 1950-58, by months, January 1957-December 1958

Year and month	Eggs				Chickens (broilers and fryers, ready-to-cook)			
	Retail	Farm	Farm-	Farmer's	Retail	Farm	Farm-	Farmer's
	price	value	retail	share	price	value	retail	share
	per dozen 1/	2/	spread		per pound 1/	3/	spread	
	Cents	Cents	Cents	Percent	Cents	Cents	Cents	Percent
1950	57.1	38.0	19.1	67	58.5	37.4	21.1	64
1951	69.7	49.4	20.3	71	61.3	39.0	22.3	64
1952	63.6	43.2	20.4	68	61.6	39.7	21.9	64
1953	66.8	49.0	17.8	73	60.0	37.0	23.0	62
1954	56.2	37.5	18.7	67	54.2	31.6	22.6	58
1955	58.1	40.1	18.0	69	56.2	34.6	21.6	62
1956	57.7	39.8	17.9	69	49.0	26.9	22.1	55
1957	54.9	36.6	18.3	67	47.9	25.9	22.0	54
1958 <u>4/</u>	58.0	38.6	19.4	67	47.4	25.5	21.9	54
1957 <u>5/</u>								
Jan.	52.0	34.2	17.8	66	46.3	24.7	21.6	53
Feb.	52.5	33.7	18.8	64	48.8	26.7	22.1	55
Mar.	49.5	31.3	18.2	63	49.1	26.7	22.4	54
Apr.	48.9	31.3	17.6	64	48.3	25.8	22.5	53
May	47.2	29.7	17.5	63	48.1	26.4	21.7	55
June	46.0	29.8	16.2	65	49.4	28.4	21.0	58
July	51.9	33.0	18.9	64	50.8	29.3	21.5	58
Aug.	56.0	37.5	18.5	67	50.8	28.4	22.4	56
Sept.	61.0	41.5	19.5	68	47.9	24.8	23.1	52
Oct.	65.3	44.5	20.8	68	45.0	23.3	21.7	52
Nov.	64.3	46.8	17.5	73	44.6	23.2	21.4	52
Dec.	64.0	45.5	18.5	71	45.3	22.5	22.8	50
1958								
Jan.	59.3	40.1	19.2	68	47.0	27.3	19.7	58
Feb.	55.7	37.7	18.0	68	48.6	27.8	20.8	57
Mar.	61.9	42.0	19.9	68	50.9	29.5	21.4	58
Apr.	57.2	38.5	18.7	67	48.9	26.4	22.5	54
May	54.9	36.6	18.3	67	49.8	27.5	22.3	55
June	52.9	34.9	18.0	66	50.0	28.8	21.2	58
July	55.3	37.0	18.3	67	49.7	26.6	23.1	54
Aug.	57.2	38.0	19.2	66	47.3	24.7	22.6	52
Sept.	64.6	42.2	22.4	65	45.2	22.7	22.5	50
Oct.	60.0	39.3	20.7	66	43.7	21.6	22.1	49
Nov.	58.9	39.4	19.5	67	43.7	21.8	21.9	50
Dec. <u>4/</u> ..	58.3	37.4	20.9	64	43.5	20.7	22.8	48

1/ Estimated average prices of all eggs or frying chickens sold to consumers in retail stores in urban communities, based on prices collected by the Bur. of Labor Statistics. 2/ Average payments received by producers for 1.03 dozen eggs. 3/ Payment to producers for 1.37 pounds of live weight chicken, the equivalent to 1 pound ready-to-cook weight. 4/ Preliminary. 5/ Data for both eggs and chickens are revised.

In this integration process, some handlers, especially in large urban areas, are bypassed and some costs are thereby reduced. (2) Larger and more specialized producing and marketing units have been developed which can better utilize recent improvements in plant and equipment technology. Examples of such developments are: (a) Installation of electro-mechanical equipment by some plants which permits large volume processing of eggs -- more than a million per day in certain plants, (b) use of large refrigerated vans to haul eggs from farms on established routes to assembly plants, (c) establishment of large commercial egg producing farms with laying flocks ranging up to 250,000 hens. Economies of scale enable such firms to operate at low costs per unit.

In some cities a factor contributing to relatively low price spreads is retail pricing practices. For example, in San Francisco eggs frequently are featured by retailers as special sales items to attract customers to their stores. As a result, actual monthly spreads taken by these retailers have been below "normal" markups.

The Agricultural Marketing Service is continuing a special study of monthly price spreads for large, medium, and small eggs, frying chickens, and large, medium, and small turkeys which began in July 1955. Farm and city receiver prices, prices to retailers, and retail sales prices were obtained for these commodities in 10 cities: Atlanta, Baltimore, Boston, Chicago, Cleveland, Los Angeles, New York, St. Louis, San Francisco, and Washington, D. C. ^{3/} Because collection of price data at all market levels for Washington, D. C., did not start until July 1958, major attention in this report will be given to the other 9 cities. Small eggs are not considered in this report because of insufficient data.

Gross farm-retail price spreads on Grade A large eggs in the nine cities averaged 24.0 cents a dozen in 1958 -- 0.9 cent more than in 1957 (table 6). ^{4/} This increase of almost 4 percent was caused mainly by increases in retail-store spreads. The average spread between prices received by farmers and prices to retailers declined 0.1 cent from 1957 to 1958.

^{3/} Retail prices used in this study are computed from data collected by The Bur. of Labor Statistics. The BLS collects food prices for its Consumer Price Index on the first 3 days of the week which includes the 15th of the month. These prices are also used in the Agr. Market. Serv. market-basket data. As a result of agreements with the AMS, the BLS also collects prices for the previous weekend for use in this special marketing study. Prices to retailers, city receiver prices, and farm values are computed from data reported by the Dairy and Poultry Market News Branch, AMS, and by private marketing firms for the Wednesday of the week including the 8th of each month. Farm prices are obtained for 16 major poultry and egg producing areas in the United States.

^{4/} A similar article on price spreads for poultry and eggs covering the years 1956 and 1957 for 6 cities was prepared in 1957. See: Gray, Leo R., and Pritchard, N. T., "Farm-Retail Spreads for Poultry and Eggs in the United States and Selected Cities," The Marketing and Transportation Situation, Jan. 1958, pp. 19-27. Some 1957 data given in this article have been revised.

The widest farm-retail price spreads on large eggs in 1958 were in New York and the smallest in Los Angeles (table 6). Farm-retail spreads in Atlanta increased 2.7 cents per dozen from 1957 to 1958, the largest increase among the nine cities. Retail-store spreads in Atlanta increased 3.1 cents but farm-to-retailer spreads declined 0.4 cent. Although retail-store spreads increased in New York, offsetting decreases of 1.3 cents per dozen in farm-to-retailer spreads were enough to cause a decline in total spreads of 0.3 cent a dozen in that city. New York was the only city showing a decline in farm-retail spreads from 1957 to 1958. For the 6 months ended in December 1958, farm-retail spreads in Washington, D. C., averaged 24 cents a dozen -- 0.1 cent below the average for the other nine cities in the same period.

The nine-city average of farm-retail price spreads for medium eggs in 1958 was 22.6 cents per dozen or 1.4 cents less than the average for large eggs (table 6). Intercity differences in prices and spreads for medium eggs were similar to those for large eggs.

Most of the eggs sold in Los Angeles and San Francisco move in cartons directly from country assembler-distributors to retail stores. These assembler-distributors collect eggs from producers and grade, pack, and deliver them to retail stores and other outlets. In the other seven cities, direct movement of cartoned eggs from country assemblers to retail stores, although increasing in volume is not as significant as in the two west coast cities. City distributors grade, carton, and deliver a large proportion of the eggs sold in retail stores in these other cities. Because of these differences in marketing practices, comparisons among cities of the spread between the price received by farmers and the price paid by retailers is more valid than comparisons of the components of this spread -- the farm-receiver spread and the receiver-retailer spread (table 6). Combinations of marketing functions may sometimes offer reductions in the total of component spreads covering these functions.

On April 29, 1958, the Agricultural Marketing Service began reporting on an experimental basis, a shipping-point price for Iowa-Minnesota eggs. For the 6 months ended in November 1958, this price averaged approximately 2.4 cents below the city receiver price for midwestern Grade A large eggs in New York. Transportation charges comprised most of the spread between shipping-point and city-receiver prices at New York. The Iowa-Minnesota shipping-point price is compared with the New York City receiver price because the New York market quotation is widely used as a basing point price in the Midwest.

Frying Chickens

Farm-retail price spreads for ready-to-cook frying chickens in 1958 averaged 21.9 cents a pound, a decline of 0.1 cent from 1957 (table 5). Retail prices of frying chickens averaged 47.4 cents a pound and farm values 25.5 cents in 1958. These annual averages were the lowest in 9 years. They reflect, in part, pricing practices at the retail level designed to market increasingly large volumes of fryers and, in part, increases in production and marketing efficiency. The farmer's share of the retail dollar spent on frying chickens remained at 54 percent in 1958.

Table 6.- Eggs, Grade A large and medium: Prices per dozen and price spreads at various market levels, 9-city average 1957 and 1958, selected cities 1958

Item	1957 9-city average	1958 9-city average	Atlanta	Baltimore	Boston	Chicago
	Cents	Cents	Cents	Cents	Cents	Cents
<u>Large:</u>						
Prices:						
Retail	58.8	61.8	61.5	64.4	67.8	57.9
To retailers	50.5	52.5	51.2	56.6	56.8	52.1
To city receivers ..	40.7	43.1	42.0	44.2	47.2	39.7
Farm	35.7	37.8	35.4	36.1	46.5	32.3
Spreads:						
Farm-retail	23.1	24.0	26.1	28.3	21.3	25.6
Retail store	8.3	9.3	10.3	7.8	11.0	5.8
Receiver-retailer:	9.8	9.4	9.2	12.4	9.6	12.4
Farm-receiver	5.0	5.3	6.6	8.1	.7	7.4
<u>Medium:</u>						
Prices:						
Retail	51.8	54.3	55.5	<u>1/</u> 54.0	59.5	50.0
To retailers	44.2	46.1	45.5	49.4	49.7	45.9
To city receivers ..	35.2	37.1	35.5	<u>1/</u> 38.0	40.5	<u>1/</u> 34.8
Farm	30.0	31.7	29.3	29.6	40.0	25.9
Spreads:						
Farm-retail	21.8	22.6	26.2	24.4	19.5	24.1
Retail store	7.6	8.2	10.0	4.6	9.8	4.1
Receiver-retailer:	9.0	9.0	10.0	11.4	9.2	11.1
Farm-receiver	5.2	5.4	6.2	8.4	.5	8.9
	Cleveland	Los Angeles	New York	St. Louis	San Francisco	Washington, D. C. <u>2/</u>
<u>Large:</u>						
Prices:						
Retail	63.0	57.2	67.5	59.0	<u>1/</u> 58.1	69.8
To retailers	54.0	46.5	55.3	49.3	50.2	58.9
To city receivers ..	40.5	41.8	44.3	41.3	47.0	49.4
Farm	35.6	39.2	38.6	37.7	38.4	45.8
Spreads:						
Farm-retail	27.4	18.0	28.9	21.3	19.7	24.0
Retail store	9.0	10.7	12.2	9.2	7.9	10.9
Receiver-retailer:	13.5	4.7	11.0	8.5	3.2	9.5
Farm-receiver	4.9	2.6	5.7	3.6	8.6	3.6
<u>Medium:</u>						
Prices:						
Retail	<u>1/</u> 55.0	<u>1/</u> 51.5	57.2	53.8	<u>1/</u> 51.9	57.7
To retailers	47.0	40.8	47.6	45.3	44.0	48.6
To city receivers ..	<u>1/</u> 35.0	36.2	37.7	36.9	<u>1/</u> 39.7	38.9
Farm	29.4	33.5	31.8	32.7	32.7	35.4
Spreads:						
Farm-retail	25.6	18.0	25.4	21.1	19.2	22.3
Retail store	8.0	10.7	9.6	8.5	7.9	9.1
Receiver-retailer:	12.0	4.6	9.9	8.4	4.3	9.7
Farm-receiver	5.6	2.7	5.9	4.2	7.0	3.5

1/ Estimated annual average based on data for less than 12 months.

2/ Washington, D. C., is excluded from the 9-city average. Data for Washington cover the 6-month period July-Dec. 1958.

Since 1952, retail and farm prices for fryers have declined in every year except one. During the same period, farm-retail spreads remained relatively stable while those for most other farm food products increased. These conditions indicate that the poultry industry has increased efficiency in the production and marketing of fryers enough to offset costs of increases in services, in wages of labor, and in prices of other inputs. No other major food industry has made similar strides in marketing efficiency during recent years. Some of the principal factors which have contributed to lower costs and price spreads for marketing frying chickens have been: (1) Changes in technologies of production, processing, and distribution; (2) increases in sizes of producing and marketing units; and (3) the tendency among retail stores to use fryers as low-margin special sales items.

The average monthly variation in frying chicken prices and price spreads was slightly wider in 1958 than in 1957.

Farm-retail price spreads for frying chickens in the nine cities for which data are available averaged 0.5 cent a pound lower in 1958 than in 1957 (table 7). Retail spreads and farm-to-retail-store spreads, the components of the farm-retail spread, declined 0.1 cent and 0.4 cent a pound, respectively. Compared with a year earlier, retail prices in 1958 for frying chickens were down 1.2 cents, prices to retailers were down 1.1 cents, and farm values were down 0.7 cent a pound.

Farm-retail spreads for fryers in Los Angeles were 12.3 cents a pound higher than in Atlanta in 1958 and 14.1 cents higher in 1957. San Francisco had the largest decrease (4.4 cents a pound) in the farm-to-retail spread from 1957 to 1958 among the nine cities but it still had the second highest spread.

Retail-store spreads, which on the average accounted for 57 percent of the total farm-retail spread in the nine cities in 1958, were affected greatly by store pricing practices and varied considerably among cities. They were 6.8 cents a pound higher in Los Angeles than in Atlanta in 1958 and 9 cents higher in 1957. Retail-store spreads in San Francisco were second only to those in Los Angeles in 1958. A recent study revealed that in retail food stores in San Francisco poultry and meat departments, particularly in independent stores, frequently were operated as concessions. ^{5/} Average price spreads taken by concessionaires were high and were major factors affecting high retail prices and price spreads for the city. Markups taken by concessionaires on poultry generally are high because only a few products are handled and sales of these items have to cover total costs including labor and other overhead for operating the concession. Where poultry -- along with meats, produce, grocery, and other departments -- are operated by the same owner, diversification and total volume of sales may permit lessening of the risks involved, and margins on some items may be considerably lower.

^{5/} A concession is a portion of a store leased to an individual or firm for the purpose of selling a limited line of products, such as poultry and eggs, meats, or fruits and vegetables.

Table 7.- Frying chickens: Prices per pound (ready-to-cook basis) and price spreads at various market levels, 9-city average and selected cities, 1957 and 1958

Item	9-city average		Atlanta		Baltimore	
	1957	1958	1957	1958	1957	1958
	Cents	Cents	Cents	Cents	Cents	Cents
Prices:						
Retail	1/47.3	46.1	1/41.2	41.3	47.7	44.6
To retailers	35.4	34.3	31.7	31.3	2/37.4	35.0
Farm value 3/	26.2	25.5	25.2	24.6	26.8	26.1
Spreads:						
Farm-retail	21.1	20.6	16.0	16.7	20.9	18.5
Retail store	11.9	11.8	9.5	10.0	2/10.3	9.6
Farm-to-store	9.2	8.8	6.5	6.7	2/10.6	8.9
	Boston		Chicago		Cleveland	
Prices:						
Retail	47.7	47.7	1/42.4	42.4	44.7	43.8
To retailers	35.0	33.3	33.6	33.0	33.5	2/33.0
Farm value 3/	26.6	25.8	25.5	24.9	26.0	25.3
Spreads:						
Farm-retail	21.1	21.9	16.9	17.5	18.7	18.5
Retail store	12.7	14.4	8.8	9.4	11.2	2/10.8
Farm-to-store	8.4	7.5	8.1	8.1	7.5	2/ 7.7
	Los Angeles		New York		St. Louis	
Prices:						
Retail	1/55.8	54.0	1/44.0	2/44.8	43.0	42.2
To retailers	37.3	37.2	35.5	34.2	33.2	32.7
Farm value 3/	25.7	25.0	26.8	26.2	25.2	24.7
Spreads:						
Farm-retail	30.1	29.0	17.2	2/18.6	17.8	17.5
Retail store	18.5	16.8	8.5	2/10.6	9.8	9.5
Farm-to-store	11.6	12.2	8.7	8.0	8.0	8.0
	San Francisco		Washington, D. C., 4/			
Prices:						
Retail	1/58.6	53.8		42.4		
To retailers	40.7	39.1		31.6		
Farm value 3/	27.3	26.9		23.1		
Spreads:						
Farm-retail	31.3	26.9		19.3		
Retail store	17.9	14.7		10.8		
Farm-to-store	13.4	12.2		8.5		

1/ Revised. 2/ Estimate based on data for less than 12 months.
3/ Farm values are computed from prices reported in major commercial supply areas shipping frying chickens into the respective cities.
4/ Washington, D. C., is excluded from the 9-city average. Data for Washington cover the 6-month period July-Dec. 1958.

Farm-to-retail-store spreads for fryers in Los Angeles and San Francisco were higher than in the other seven cities because most of the birds sold in these two cities are shipped from processing plants located in Alabama, Arkansas, Georgia, Mississippi, and Texas. Average shipping distances and transportation costs from southern plants to these California cities are larger than those to the other cities studied.

Atlanta had the lowest prices at all market levels in 1958. Retail prices were highest in Los Angeles and San Francisco was at the top of the range for prices to retailers and farm values. Although farm values of frying chickens retailed in Los Angeles in 1958 were only 0.4 cent a pound higher than those sold through retailers in Atlanta, prices to retailers and retail prices in Los Angeles were respectively 5.9 and 12.7 cents per pound higher. Annual average prices at the three market levels either remained the same between 1957 and 1958 or decreased in all nine cities with the exceptions of retail prices in Atlanta and New York. Prices and price spreads at all market levels for frying chickens sold in Washington, D. C., were a little below the nine-city averages for the period July through December 1958.

MARKETING MARGINS FOR DAIRY PRODUCTS 1/

:
: Marketing margins for all major dairy products increased :
: during 1958. Retail prices, except for butter, increased :
: about as much as marketing margins. Farm values averaged :
: about the same as in 1957 and the farmer's share of the :
: retail price dropped slightly. Operating costs for fluid :
: milk distributors increased about 3 percent, about the same :
: as in each year since 1952. For fluid milk operations :
: since 1952, sales values per unit of product have changed :
: little and increases in operating costs have been absorbed :
: by decreases in prices paid to farmers and in net profits :
: of processing and distributing firms. :
:

Fluid Milk

Retail prices and marketing margins for fluid milk increased in 1958 but farm values declined slightly from a year earlier (table 8). 2/ The annual average retail price paid by urban consumers in the United States was a record 24.5 cents per quart. However, the increase of 0.3 cent in 1958 was less than the increases in each of the 2 previous years. After rising for 2 years, the farm value declined to 10.7 cents in 1958, 1.2 cents below the high reached in 1952 but 0.5 cent above the post-Korean war low of 10.2 cents in 1955. Because the retail price increased and the farm value declined, the farmer's share of the retail price declined from 45 percent in 1957 to 44 percent in 1958.

With a retail price increase of 0.3 cent and a farm value decrease of 0.2 cent, the annual average marketing margin increased 0.5 cent -- from 13.3 cents in 1957 to 13.8 cents in 1958. It increased 0.6 cent from 1956 to 1957 and it increased each year during 1950-58; the average rate of increase was about 5 percent per year.

Costs and Margins of Fluid Milk Distributors 3/

Fluid milk distributors experienced a definite cost-price squeeze from 1952 through 1958. The unit value of products sold remained fairly steady during this period (table 9). Costs of raw materials purchased for processing and sale decreased 9 percent but operating costs increased 20 percent. Net profits before income taxes declined 36 percent (table 9). These conclusions are based on a study of the operations of a group of representative fluid milk processing and distributing firms.

1/ Prepared by D.D. MacPherson, Agricultural Economist, and Helen V. Smith, Statistical Assistant, Market. Res. Div., Agr. Market. Serv.

2/ The terms marketing margin and farm-retail spread are used interchangeably to define the charges made by marketing agencies for assembling, processing, transporting, and distributing dairy products. These charges, in total, are the differences between the retail price and the farm value or payment farmers received for the equivalent quantity of the raw product.

3/ The following three sections are based on data obtained, from 1952 to date, for a typical group of fluid milk distributors.

Table 8.- Fluid milk: Average annual retail price per quart in urban areas, farm value, marketing margin, and farmer's share of retail price, United States, average 1947-49, and annual 1950-58 ^{1/}

Year	Retail price	Farm value	Marketing margin	Farmer's share
	Cents	Cents	Cents	Percent
1947-49	20.1	10.6	9.5	53
1950	19.8	9.9	9.9	50
1951	22.1	11.2	10.9	51
1952	23.2	11.9	11.3	51
1953	22.8	11.1	11.7	49
1954	22.4	10.4	12.0	46
1955	22.5	10.2	12.3	45
1956	23.3	10.6	12.7	45
1957	24.2	10.9	13.3	45
1958	24.5	10.7	13.8	44

^{1/} Estimate of retail price is basically a single-quart price computed from data published by the Bur. of Labor Statistics. Farm value is computed from data published by the Agr. Market. Serv.

Average value per 100 pounds of product sold by these distributors was 1 percent lower in 1958 than in 1952. But retail prices of fluid milk rose by 6 percent from 1952 to 1958 (table 8). This divergence resulted from two important shifts in marketing practices affecting unit sales values of dairy products: First, an increasing proportion of milk was sold in larger sized containers; second, a larger proportion of sales were to wholesale outlets. For example, during 1955-58, sales in gallons and 1/2 gallons increased from 29 percent to more than 36 percent of the total volume of products sold; during this same period, sales to wholesale outlets increased from 63 percent to 65 percent of the total volume. Sales in larger containers and to wholesale outlets are at lower prices for equivalent quantities than sales in small containers and to retail outlets.

The decline in costs of raw materials resulted from the drop in cost of raw milk and cream purchased from farmers. This cost fell 13 percent from 1952 to 1954 and then recovered slightly. In 1958, the cost of raw milk and cream was 11 percent below 1952. Costs of other raw materials increased 6 percent during 1952-58.

Operating costs rose 20 percent from 1952 to 1958. These costs would have risen considerably more except for changes in processing and distributing practices. In most instances, increases in rates were greater than increases in costs per unit of product: It is estimated that average hourly rates of labor increased more than 30 percent during 1952-58 but unit labor costs increased only 21 percent. Prices of container board increased by 8 percent and glass containers by 34 percent but container costs per unit of product sold increased only 17 percent, mainly because of the shift to larger sized containers and from glass to paper containers.

Table 9.- Trends in sales value, raw material costs, operating expenses, and margins per unit of product for a selected group of milk distributors, 1952-58

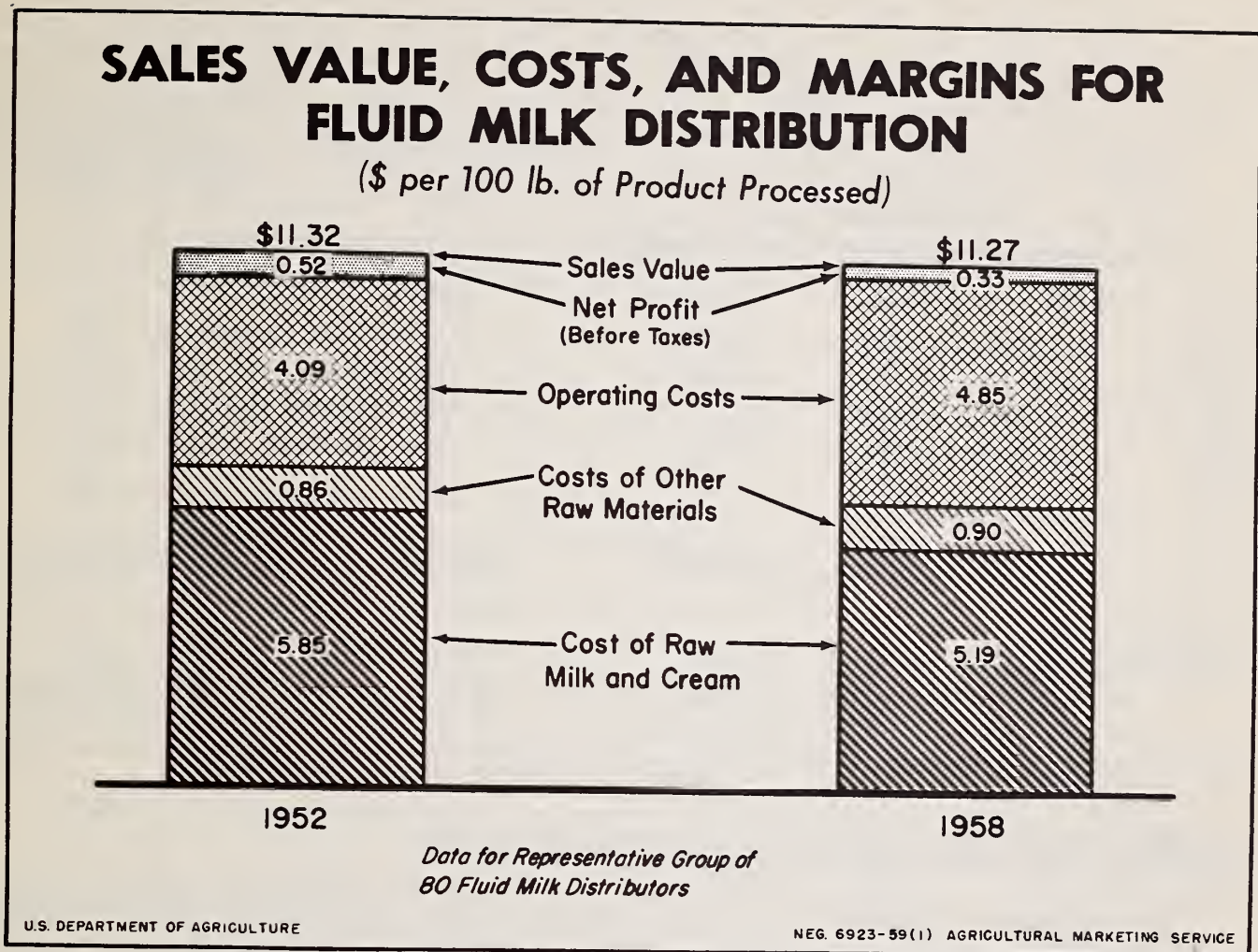
(1952 = 100)							
Item	1952	1953	1954	1955	1956	1957	1958 1/
Sales	100	98	94	97	99	98	99
Cost of raw materials:							
Raw milk and cream	100	93	87	88	91	88	89
Other	100	105	100	109	102	101	106
Total cost of raw materials	100	94	89	90	92	90	91
Gross margin	100	104	103	107	109	111	112
Operating expenses:							
Salaries, wages, and commissions	100	102	103	106	113	116	121
Containers	100	103	108	117	120	118	117
Operating supplies	100	107	117	107	93	97	97
Rent, repairs, and depreciation	100	104	114	120	128	134	135
Other expenses	100	102	107	111	113	111	115
Total operating expenses	100	103	106	110	114	117	120
Net margin before income taxes	100	113	77	77	69	71	64

1/ Preliminary.

Facility costs (rent, repairs, and depreciation) in 1958 were 35 percent higher per unit than in 1952. Costs of operating supplies declined 3 percent and other expenses increased 15 percent.

In 1958 net profits per unit of product, the remainder for payment of income taxes and return on invested capital, was 36 percent below the 1952 level. In 1953, when the gross margin increased more than operating costs, net margin increased sharply. A decrease in the cost of raw materials during this period more than offset the slight decrease in sales value and an increase in operating costs. In 4 of the 5 years since 1953, the gross margin increased less than operating costs and net profit decreased.

In summary, unit sales value changed little during 1952-58 and the increase in unit operating costs was offset by decreases in unit cost of raw milk and cream and in net profits per unit (fig. 3).



Sales Volume Per Plant Increased One-Third

The average sales of fluid milk distributing plants grew by more than one-third from 1952 to 1957. A study of a representative group of plants in business during this entire period showed increases of 36 percent in volume and 33 percent in value of sales (table 10). During this same period, the total nonfarm consumption of fluid milk in this country increased by 17 percent, accounting for about one-half of the growth in average sales of fluid milk distributing plants; the other half resulted from some plants going out of business.

Rate of growth has not been uniform among different sized plants. Value of sales of medium-sized plants (those with annual volumes of 12.0-23.9 million pounds of milk) increased at an annual rate of 8.4 percent as compared to 4.1 percent for larger plants and 7.0 percent for smaller plants.

During the period when value of sales increased 33 percent, net profits (before income taxes) decreased by 6 percent (table 10).

Table 10.- Average sales and profits per fluid milk plant and trend in fluid milk consumption, 1952-57

(1952 = 100)				
Year	Sales		Net profits (before income taxes)	Consumption of fluid milk in the United States ^{1/}
	Volume of product	Value		
1952	100	100	100	100
1953	109	105	119	102
1954	114	106	82	105
1955	122	115	89	110
1956	131	125	86	114
1957	136	133	94	117
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Average annual rate of change:	6.3	5.9	1.2	3.2
	increase	increase	decrease	increase

^{1/} Does not include milk consumed on farms where produced.

Seasonal Variations Wide in Fluid Milk Business

The volume of product sold by fluid milk distributors has increased fairly steadily from year to year but continues to vary widely by seasons. Value of sales, payments for raw milk and cream, and profits also vary seasonally (table 11). Of these four items, profits vary most. The peak season for volume of product is in the spring, value of sales is largest in the fall, and profits are highest during the winter. Volume of product, value of sales, payments for raw milk and cream, and profits are all at the year's lowest during the summer months.

Table 11.- Index of seasonal variations in volume of product, value of sales, payment for raw milk and cream, and profits for fluid milk distributors

Period	Volume of product	Value of sales	Payment for raw milk and cream	Net profits (before income taxes)
1st quarter ...	100.2	100.7	102.4	122.5
2nd quarter ...	102.0	98.1	96.4	105.5
3rd quarter ...	97.9	96.8	95.6	85.6
4th quarter ...	99.8	104.4	104.4	86.4

Butter

The marketing margin for butter was 23.1 cents in 1958, up 0.5 cent from the previous year; the retail price, at 74.2 cents, was down 0.1 cent, and the farm value at 51.1 cents was down 0.6 cent (table 12). During the period from 1950 to 1958, the marketing margin moved within a range of about 3 cents. It showed less tendency to increase than the margins for most other farm food products. There has been no pronounced trend in marketing margins for butter during the last 40 years; the margin has tended to be greater in amount but less proportionally during years of relatively high retail prices.

The increase in the marketing margin for butter during the 1950-58 period was in the wholesale-retail component (table 12). This segment of the marketing margin increased about 5 cents between 1950 and 1958. During the same period the farm-wholesale component decreased 1.9 cents.

Extensive changes have taken place in the marketing of butter over the years. To gain greater understanding of the marketing process the Agricultural Marketing Service studied 10 shipments of butter in 1957-58. Descriptions of these shipments, with data as to charges and operating margins of the marketing agencies involved (including transportation) are contained in the U. S. Department of Agriculture Miscellaneous Research Report 289, "Marketing Margins for Butter," issued in November 1958.

Eight of these shipments or parts of shipments were distributed in pound or 1/2-pound packages through retail stores, with total farm-retail margins ranging from 13.8 to 22.2 cents a pound. A part of one shipment was sold to consumers on home delivery routes of milk distributors. The marketing margin in this case was 21.1 cents. Parts of two shipments were sold in bulk for use in bakery products, with marketing margins of 9.2 and 13.6 cents. Parts of two other shipments were printed in patties of various sizes for use by restaurants. The total marketing margins in these cases were 13.1 and 21.8 cents.

These shipments of butter by no means exhausted the variations in the marketing process. Information concerning these shipments illustrates the variety of the services the several marketing agencies perform and the wide range in margins. They also help to indicate the diversity of the problems involved and something of the uniqueness of each marketing process.

Cheese

Processed Cheese

Both the wholesale price and the farm value of American processed cheese in 1958 reflected the decrease in Government support prices. The farm value at 28.1 cents per pound was down 0.7 cent from the 1957 level; the wholesale price at 36.0 cents was down 0.5 cent (table 12). However, the wholesale-retail price spread increased by 0.9 cent and the retail price increased 0.4 cent to 58.0 cents. The farmer's share of the dollar consumers spent for cheese dropped 2 cents to 48 cents.

Table 12.- Retail and wholesale prices of principal manufactured dairy products, farm values, and marketing spreads, 1950-58

American processed cheese							
Year and quarter	United States : average retail : price : per pound	Processed loaf : wholesale : price : per pound, : Chicago	Farm value of : equivalent : quantity : of milk	Farm-retail : price spread	Wholesale- : retail : price spread	Farm-wholesale : price spread	Farm value as : a percentage : of : retail price
	Cents	Cents	Cents	Cents	Cents	Cents	Percent
1950	51.1	35.6	27.4	23.7	15.5	8.2	54
1951	58.3	42.8	33.7	24.6	15.5	9.1	58
1952	59.9	44.0	35.2	24.7	15.9	8.8	59
1953	59.6	40.7	30.8	28.8	18.9	9.9	52
1954	57.2	36.5	27.7	29.5	20.7	8.8	48
1955	57.1	36.4	27.7	29.4	20.7	8.7	49
1956	57.2	36.3	28.4	28.8	20.9	7.9	50
1957	57.6	36.5	28.8	28.8	21.1	7.7	50
1958 1/	58.0	36.0	28.1	29.9	22.0	7.9	48
1957							
Jan.-Mar.	57.4	36.5	29.2	28.2	20.9	7.3	51
Apr.-June	57.5	36.5	28.5	29.0	21.0	8.0	50
July-Sept.	57.8	36.5	28.4	29.4	21.3	8.1	49
Oct.-Dec.	57.9	36.5	29.0	28.9	21.4	7.5	50
1958							
Jan.-Mar.	58.2	36.5	29.0	29.2	21.7	7.5	50
Apr.-June	58.1	35.4	27.4	30.7	22.7	8.0	47
July-Sept.	57.8	35.6	27.7	30.1	22.2	7.9	48
Oct.-Dec. 1/ ..	57.9	36.5	28.4	29.5	21.4	8.1	49
Creamery butter							
Year and quarter	United States : average retail : price : per pound	Wholesale : price : per pound, : 92 score, : Chicago	Farm value of : equivalent : quantity of : milk and cream	Farm-retail : price spread	Wholesale- : retail : price spread	Farm-wholesale : price spread	Farm value as : a percentage : of : retail price
	Cents	Cents	Cents	Cents	Cents	Cents	Percent
1950	72.3	61.7	52.2	20.1	10.6	9.5	72
1951	81.4	69.2	60.0	21.4	12.2	9.2	74
1952	85.0	72.2	62.6	22.4	12.8	9.6	74
1953	79.0	65.9	56.7	22.3	13.1	9.2	72
1954	72.4	59.7	50.4	22.0	12.7	9.3	70
1955	70.9	57.4	49.2	21.7	13.5	8.2	69
1956	72.1	59.2	51.0	21.1	12.9	8.2	71
1957	74.3	59.6	51.7	22.6	14.7	7.9	70
1958 1/	74.2	58.7	51.1	23.1	15.5	7.6	69
1957							
Jan.-Mar.	74.2	59.4	52.0	22.2	14.8	7.4	70
Apr.-June	73.9	59.4	51.5	22.4	14.5	7.9	70
July-Sept.	74.0	60.0	51.4	22.6	14.0	8.6	69
Oct.-Dec.	75.1	59.6	51.8	23.3	15.5	7.8	69
1958							
Jan.-Mar.	74.9	59.4	51.7	23.2	15.5	7.7	69
Apr.-June	73.7	57.7	50.4	23.3	16.0	7.3	68
July-Sept.	73.9	58.7	50.8	23.1	15.2	7.9	69
Oct.-Dec. 1/ ..	74.5	58.9	51.5	23.0	15.6	7.4	69
Evaporated milk							
Year and quarter	United States : average retail : price per : 14-1/2 ounce : can	Wholesale : price per : 14-1/2 ounce : can 2/	Farm value of : equivalent : quantity : of milk	Farm-retail : price spread	Wholesale- : retail : price spread	Farm-wholesale : price spread	Farm value as : a percentage : of : retail price
	Cents	Cents	Cents	Cents	Cents	Cents	Percent
1950	12.6	10.9	6.0	6.6	1.7	4.9	48
1951	14.4	12.7	7.4	7.0	1.7	5.3	51
1952	14.9	13.2	7.9	7.0	1.7	5.3	53
1953	14.6	12.3	6.6	8.0	2.3	5.7	45
1954	13.9	11.6	6.0	7.9	2.3	5.6	43
1955	13.7	11.6	6.0	7.7	2.1	5.6	44
1956	14.0	12.1	6.2	7.8	1.9	5.9	44
1957	14.6	12.6	6.3	8.3	2.0	6.3	43
1958 1/	15.1	12.8	6.2	8.9	2.3	6.6	41
1957							
Jan.-Mar.	14.3	12.4	6.5	7.8	1.9	5.9	45
Apr.-June	14.5	12.6	6.2	8.3	1.9	6.4	43
July-Sept.	14.7	12.6	6.1	8.6	2.1	6.5	41
Oct.-Dec.	14.7	12.7	6.3	8.4	2.0	6.4	43
1958							
Jan.-Mar.	15.0	12.8	6.4	8.6	2.2	6.4	43
Apr.-June	15.1	12.7	6.0	9.1	2.4	6.7	40
July-Sept.	15.1	12.8	6.1	9.0	2.3	6.7	40
Oct.-Dec. 1/ ..	15.1	12.8	6.2	8.9	2.3	6.6	41

1/ Preliminary.

2/ United States average manufacturers' selling price per case converted to price per 14-1/2 oz. can.

Prices and margins for American processed cheese remained steady during 1954-58. An increase of 1.3 cents in wholesale-retail spread was about offset by a decrease of 0.9 cent in farm-wholesale spread. The retail price increased 0.8 cent, farm value 0.4 cent, and the total marketing margin 0.4 cent.

Natural Cheese

Retail prices and marketing margins -- particularly wholesale-retail margins -- for natural American cheese vary widely from lot to lot. Case studies made jointly by the Agricultural Marketing Service and the Tennessee Agricultural Experiment Station in 1956 of the marketing of Cheddar cheese produced and distributed in Southeastern United States showed that wholesale prices and farm values were fairly uniform from lot to lot but wholesale-retail spreads varied from as little as 1.0 cent per pound for cheese sold as a weekend special in a supermarket to as much as 30.0 cents per pound in small crossroads country stores. As a result, retail prices ranged from 39.0 cents to 69.0 cents per pound and the farmer's share of the retail price ranged from 56 percent to 31 percent (table 13).

Table 13.- Eight lots of Cheddar cheese produced and distributed in the Southeastern States, 1956: Prices, farm value, marketing spreads, and farmer's share of retail price for lots selling at highest and lowest retail price

Item	Lowest retail price	Highest retail price
	<u>Cents</u>	<u>Cents</u>
Retail price	39.0	69.0
Wholesale-retail spread	1.0	30.0
Wholesale price	38.0	39.0
Farm-wholesale spread	16.2	17.7
Farm value	21.8	21.3
Farm-retail spread	17.2	47.7
	<u>Percent</u>	<u>Percent</u>
Farmer's share of retail price	56	31

Evaporated Milk

The farm-retail price spread for evaporated milk averaged 8.9 cents per 14-1/2-ounce can in 1958 -- an increase of 0.6 cent from 1957 (table 12). The wider spread resulted from increases of 0.3 cent in both the farm-wholesale and the wholesale-retail spreads. Retail price rose 0.5 cent to 15.1 cents and farm value dropped 0.1 cent to 6.2 cents; the farmer's share of the retail price dropped to 41 percent, down 2 points.

During 1955-58, the farm-retail spread increased every year. Nearly all of this increase was in the wholesale-retail segment.

MARKETING MARGINS FOR FRUITS AND VEGETABLES 1/

:
: Marketing margins for fruits and vegetables were 6 percent :
: higher in 1958 than in 1957 and 3⁴ percent higher than dur- :
: ing 1947-49. The largest increases were for grapefruit, :
: oranges, potatoes, and tomatoes. :
:
: This article discusses trends in prices and marketing :
: charges, and compares recent changes in prices and market- :
: ing margins for fresh oranges, canned orange juice, and :
: frozen orange concentrate in 2 major cities; and for late- :
: crop potatoes in 4 major cities. :
:

Retail prices for fruits and vegetables in the market basket averaged 7 percent higher in 1958 than in 1957. 2/ About two-thirds of this increase was reflected in higher marketing margins and one-third was received by farmers in the form of higher prices. 3/ Most of the increase in retail and farm prices occurred during the first half of the year and was due primarily to adverse weather conditions. Below-freezing temperatures, flooding rains and high winds from mid-December 1957 through February 1958 severely damaged citrus fruits and potatoes and destroyed most of the tender vegetable crops in Florida. Rains and cold weather in Texas delayed harvests of winter and early spring vegetables. Unfavorable weather in California also contributed to the short supply of citrus fruits.

Marketing margins for fruits and vegetables increased again in 1958, as they have in 8 of the last 10 years. Marketing charges were 6 percent higher than in 1957 and 3⁴ percent higher than during the 1947-49 period. The farmer's share of the consumer's dollar spent for fruits and vegetables during 1958 was 29 cents, 1 cent above 1957 but 4 cents below the 1947-49 average.

Fresh Fruits and Vegetables

Retail prices of fresh fruits and vegetables averaged 7 percent higher and farm values of equivalent quantities of fresh produce averaged 12 percent higher in 1958 than in 1957. Percentage changes varied by individual items; however, the largest increases were for grapefruit, oranges, and tomatoes. The Florida freezes destroyed much of the potential winter and spring supply of each of these crops.

1/ Prepared by John K. Hanes, Agricultural Economist, Market. Res. Div., Agr. Market. Serv.

2/ The market basket contains the average quantities of farm-produced food products purchased for consumption at home by urban wage-earner and clerical-worker families in 1952.

3/ The marketing margin or farm-retail spread is an estimate of the charges made by marketing agencies for assembling, processing, transporting, and distributing farm products. It is the difference between the retail price and the farm value or payment the farmer receives for the farm product.

Marketing charges for fresh fruits and vegetables were 5 percent higher in 1958 than in 1957 and 47 percent higher than in 1947-49. Produce items with the largest retail and farm price increases in 1958 also had the largest increases in marketing charges. Marketing charges increased 13 percent for grapefruit, 16 percent for oranges, and 5 percent for potatoes and tomatoes. The farmer's share of the dollar consumers spent for fresh fruits and vegetables during 1958 was 36 cents compared with 34 cents for 1957 and 41 cents for 1947-49.

Processed Fruits and Vegetables

Prices for processed fruits and vegetables are much more stable than those for fresh fruits and vegetables. Retail prices of processed fruits and vegetables changed relatively little from 1953 through 1957 but rose 6 percent from 1957 to 1958. Farm values of processed fruits and vegetables have changed little since 1953.

Marketing charges for processed fruits and vegetables, like retail and farm prices, changed little between 1953 and 1957 but rose 8 percent between 1957 and 1958. Again the largest increases were for grapefruit, oranges, and tomatoes. Marketing charges increased 27 percent for canned orange juice, 58 percent for frozen orange concentrate, and 17 percent for canned tomatoes. The farmer's share of the dollar consumers spent for processed fruits and vegetables was 18 cents in 1958, 2 cents less than for 1957.

Factors Affecting Marketing Margins for Fruits and Vegetables

Marketing margins account for about two-thirds of the retail price of most fresh fruits and vegetables and about four-fifths for the processed products. The increase in marketing charges has resulted mostly from higher costs of performing marketing services and from adding marketing services. Increased costs of performing marketing services are the result of rises in labor costs and transportation charges and increased prices of materials, equipment, and services used by marketing firms.

Labor costs are a major factor affecting marketing charges for fruits and vegetables. Hourly earnings of employees in retail food stores averaged \$1.86 in 1958 ^{4/} compared with \$1.77 for 1957 and \$1.17 for 1948. Employees in the canning and preserving industry earned \$1.67 per hour ^{4/} in 1958 compared with \$1.63 in 1957 and \$1.12 in 1948.

Transportation charges are one of the larger components of the marketing margin for fruits and vegetables. The rail freight rate index for fruits and vegetables was 28 percent higher for 1957 than for 1947-49. The 1958 index will reflect additional increases. Effective February 15, 1958, the Interstate Commerce Commission granted railroads the following temporary rate increases for fruits and vegetables:

^{4/} Through Nov. 1958.

<u>Item</u>	<u>Increase</u>
Fresh fruits and vegetables (other than oranges and grapefruit).....	5 cents per 100 pounds
Oranges and grapefruit.....	No increase requested
Irish potatoes	3 percent, maximum 5 cents per 100 pounds
Dried, canned, and frozen fruits and vegetables.....	1 cent per 100 pounds

In September 1958 the ICC made permanent these temporary increases. Regulated motor carriers responded to the rail rate increases by filing schedules of increased rates with the ICC. It is not known to what extent these motor carrier rate increases are applicable to fruits and vegetables as a large proportion is hauled in trucks owned by farmers or by carriers exempt from ICC rate regulation.

Rate increases have been offset to a certain extent by selective rate reductions made by railroads in an effort to regain some of the traffic lost to truck transportation. Within the last year, railroads have reduced unit transportation charges for vegetables from California and Arizona to the Midwest and East by establishing rate schedules which encourage heavier loading of cars. Likewise, railroads have established incentive rates for heavier loadings of potatoes from some shipping areas. Also, "per car" rates were established for Florida vegetables shipped to northern markets, allowing a shipper to pay a flat rate and load as heavily as he chooses. Another development also reduced transportation charges in 1958. Congress repealed the 3-percent Federal tax on the transportation of property, effective August 1, 1958.

Prices of containers and packaging materials, motortrucks, machinery, and many other items used by marketing firms continued to rise in 1958. Construction costs were up and rents probably increased. Fuel, power, and lighting materials were exceptions to the upward trend, decreasing during 1958.

Prices and Margins for Florida Oranges

The long-term growth in Florida orange production was interrupted by a freeze in December 1957. Total production for the 1957-58 season was down 11 percent, or 10.5 million boxes, from the record 93 million boxes for the previous season.

As a result mainly of freeze damage, the proportion of the 1957-58 crop that went to processors increased to 77 percent compared with 73 percent for the preceding season. This increase was due primarily to the larger share of the crop going into chilled and canned single-strength juice. Most freeze-damaged oranges which could be salvaged were processed into canned juice. Even though total orange production was down, the pack of canned single-strength juice increased 6 percent, from 16.8 million cases for the 1956-57 season to 17.8 million cases for 1957-58. The quantity of oranges marketed commercially in fresh form decreased 26 percent, from 20.7 million boxes during the 1956-57 season to 15.4 million boxes during the 1957-58 season. The pack of frozen concentrate was 21 percent less, or 57.2 million gallons as compared with 72.0 million for the 1956-57 season.

Season Average Prices

At the beginning of the 1957-58 season, prices of oranges at all levels of distribution, including prices to growers, were moderately lower than a year earlier. Immediately after the freeze, retail prices for fresh oranges and frozen orange concentrate began to rise, but the price of canned single-strength juice increased only slightly during the remainder of the season. Prices received by packers of fresh oranges and processors of concentrate and prices they paid to growers soon followed the upward trend of retail prices. Prices received by processors of canned single-strength juice increased slightly but prices paid to growers for juice oranges dropped immediately and remained down during the period when freeze-damaged oranges were being cleared from the groves. Growers' prices for juice oranges later followed the upward movement of prices received by processors.

Prices received by Florida growers during the 1957-58 season averaged higher than during the previous season for oranges for fresh market and for frozen concentrate but lower for juice oranges. "On tree" prices for oranges for fresh market averaged \$2.10 per box for the 1957-58 season compared with \$1.69 per box for the previous season. "Delivered in" prices paid by processors during the 1957-58 season averaged \$2.54 per box for concentrate oranges compared with \$1.74 per box for the previous season and \$1.19 per box for juice oranges compared with \$1.62 per box for the previous season. 5/

None of the processing prices makes allowance for additional payments to growers from cooperatives and other participation programs. Also, some processors own substantial groves. During the 1957-58 season, only 45 percent of the oranges for frozen concentrate were purchased at long-term contract prices or spot prices announced from day to day. For 55 percent of the oranges used for frozen concentrate (77 percent in 1956-57) grower returns are not known. The various types of participation plans are less important for canned juice than for frozen concentrate.

Oranges Marketed in New York and Chicago

Price-spread data for Florida fresh oranges, canned single-strength juice, and frozen concentrate purchased by consumers in Chicago and New York City for the period November 1957-May 1958 and for the corresponding period of 1956-57 are presented in table 14. November-May is the period of the year when the bulk of Florida fresh oranges are marketed. These data show components of the farm-retail spread and permit comparisons of prices and margins for the two periods.

The time required to market fresh Florida oranges from orchard to consumer is about 2 weeks. In contrast, processed orange products average several months in marketing channels. Retail prices shown in table 1 cover the same periods for each item but margins and grower returns for canned single-strength juice and frozen concentrate are for earlier periods than those for fresh oranges and will not correspond to margins calculated on other bases or to season average prices received by growers.

5/ Processing prices reported by Florida Cannery Association, Year Book, Season of 1957-58.

Table 14.- Florida oranges: Retail prices, marketing margins,
and grower returns for 24-ounce juice equivalents,
Chicago and New York City, November-May 1956-57 and 1957-58

Item	Chicago			New York City		
	Fresh oranges	Canned single- strength juice	Frozen concentrate	Fresh oranges	Canned single- strength juice	Frozen concentrate
	Cents	Cents	Cents	Cents	Cents	Cents
<u>1956-57</u>						
Retail price <u>1/</u>	23.0	19.1	18.3	27.4	18.8	18.1
Marketing margin:						
Wholesale-retail margin <u>2/</u>	10.0	3.2	4.4	12.7	2.5	4.2
Transportation charges <u>3/</u>	4.4	4.1	1.0	4.6	4.5	.9
Packing costs or processor margin <u>4/</u>	3.3	6.2	5.9	3.3	6.2	6.0
Picking and hauling <u>5/</u>	1.4	1.3	1.3	1.4	1.3	1.3
Total	19.1	14.8	12.6	22.0	14.5	12.4
On-tree return to grower <u>6/</u>	3.9	4.3	5.7	5.4	4.3	5.7
<u>1957-58</u>						
Retail price <u>1/</u>	26.3	17.5	22.0	31.8	17.3	22.5
Marketing margin:						
Wholesale-retail margin <u>2/</u>	10.5	2.7	4.0	16.1	2.5	4.5
Transportation charges <u>3/</u>	4.1	3.9	1.0	4.0	3.9	.9
Packing costs or processor margin <u>4/</u>	3.6	6.9	10.4	3.6	6.9	10.5
Picking and hauling <u>5/</u>	1.5	1.5	1.6	1.5	1.5	1.6
Total	19.7	15.0	17.0	25.2	14.8	17.5
On-tree return to grower <u>6/</u>	6.6	2.5	5.0	6.6	2.5	5.0

1/ Average price first 3 days of the week containing the 15th of each month, Bur. of Labor Statistics.

2/ Fresh: Retail price less terminal selling charges and auction price.

Canned: Retail price less transportation charges and f.o.b. cannery price. F.o.b. cannery price for week containing 1st of each month, reported in "Canning Trade" magazine.

3/ Rail freight from Lake Wales, Fla., plus standard refrigeration charges for fresh and frozen; includes 3 percent Federal transportation tax.

4/ Fresh: Spurlock, A. H., and Hamilton, H. G., Costs of Packing and Selling Florida Fresh Citrus Fruits, 1956-57 Season, Agr. Econ. Mimeo. Rpt. No. 58-6, Fla. Expt. Sta., Gainesville, Fla., and unpublished estimates for 1957-58.

Canned: F.o.b. cannery price less weighted average delivered-in price paid by processors.

Frozen: Exkey-warehouse price less transportation charges and weighted average delivered-in price paid by processors.

5/ Spurlock, A. H. Costs of Picking and Hauling Florida Citrus Fruits, 1956-57 Season, Agr. Econ. Mimeo. Rpt. No. 58-7, Fla. Expt. Sta., Gainesville, Fla., and unpublished estimates for 1957-58.

6/ Fresh: Retail price less total marketing margin.

Canned and frozen: Weighted average delivered-in price paid by processors less picking and hauling costs.

The retail price for frozen orange concentrate declined from 1952-53 through 1956-57 while prices for fresh oranges and canned single-strength juice increased. During the November 1956-May 1957 period consumers paid less for equal quantities of orange juice from frozen concentrate than from fresh oranges or canned single-strength juice. Retail prices of frozen concentrate in Chicago average 18.3 cents ^{6/} compared with 23.0 cents for fresh oranges and 19.1 cents for canned single-strength juice in quantities that would supply an equal quantity of juice to the consumer. ^{7/} This relationship between prices changed in 1957-58. Retail prices were lower for canned single-strength juice and higher for fresh oranges and frozen concentrate. Retail prices in Chicago averaged 22.0 cents for frozen concentrate, 26.3 cents for fresh oranges, and 17.5 cents for canned single-strength juice. A similar change occurred in New York City (fig. 4).

The total marketing margin was higher for fresh oranges than for frozen concentrate or for canned single-strength juice during both periods. Frozen concentrate had the lowest total marketing margin during the 1956-57 period but canned single-strength juice had the lowest margin during 1957-58. Total marketing margins increased for all three items between the two periods; however, the increase for canned single-strength juice was only 1 percent for that sold in Chicago and 2 percent for that sold in New York City. The largest change was for frozen concentrate, with a 35 percent increase for that sold in Chicago and a 41 percent increase for that sold in New York City. These large increases reflect gains in values of inventories held by processors and others during the 1958 period of rising prices. Processors and others with frozen concentrate stocks on hand at the time of the freeze received gains during the 1957-58 period, just as they sustained losses when prices declined during the previous year.

The wholesale-retail margin was the largest component of the total marketing margin for fresh oranges. The processors' margin was the largest component for frozen concentrate and for canned single-strength juice. The relative size of these margins reflects the perishable nature of fresh oranges and the extensive preparation, packaging, and storage required for frozen concentrate and canned single-strength juice. As a percentage of the retail price in Chicago during the 1957-58 period, the wholesale-retail margin averaged 40 percent for fresh oranges compared with 43 percent a year earlier; the processors' margin averaged 47 percent for frozen concentrate and 39 percent for canned single-strength juice compared with 32 percent for both a year earlier. The increase in processors' margin accounted for most of the increase in the total marketing margin for frozen concentrate.

^{6/} Retail prices reported by the Bureau of Labor Statistics represent mainly nationally advertised brands of orange concentrate. Processors' selling prices for nationally advertised brands are somewhat higher than prices received for other brands. Thus, although the data reflect changes that have taken place between the two periods, the processors' margin is slightly higher than for all concentrate.

^{7/} Prices quoted for 24-oz. juice equivalents, i.e., 6-oz. can of frozen concentrate, 24-oz. of canned single-strength juice, and 3 lb. of fresh oranges.

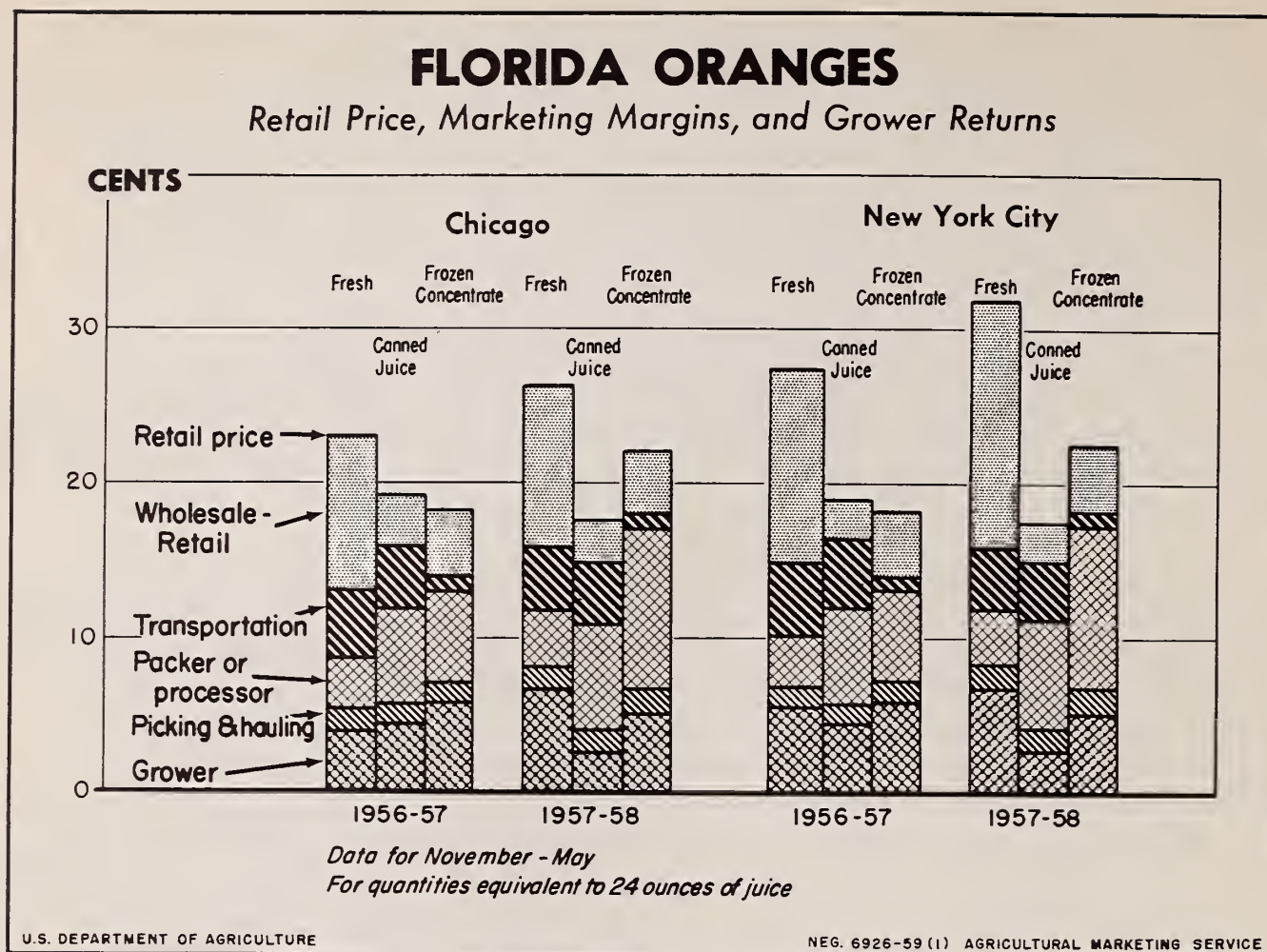


Figure 4

Transportation charges are a much larger component of the total marketing margin for fresh oranges and for canned single-strength juice than for frozen concentrate. As a percentage of the retail price in Chicago during the 1957-58 period, transportation charges averaged 16 percent for fresh oranges and 22 percent for canned single-strength juice but only 5 percent for frozen concentrate. The small percentage for frozen concentrate reflects the reduction in weight of the orange juice during the concentrating process. There were a number of adjustments in rail transportation rates during the last 2 years. The net effect was a reduction in transportation charges for all three items during the 1957-58 period; however, for frozen concentrate the reduction was less than 0.1 cent per 6-ounce can.

During the 1956-57 period growers received the largest returns per unit of retail product from oranges used for concentrate but they received the largest returns from oranges for fresh market during the 1957-58 period. Grower returns from juice oranges were lowest during both periods. Returns to growers from oranges used for frozen concentrate retailed during the November 1957-May 1958 period were 12 percent less than for the same period a year earlier. This again reflects the change in prices at all levels in 1958 between the time oranges were sold by producers and the time they were sold to consumers as concentrate. Although retail prices for frozen concentrate increased between the two periods, this increase was more than offset by the larger total marketing margin. On the other hand, returns

to growers from fresh market oranges increased between the two periods, reflecting most of the retail price increase in Chicago and some of the retail price increase in New York City. Returns to growers from oranges used for juice purchased by consumers during the 1957-58 period were substantially less than those for the like period a year earlier. Growers with profit-sharing arrangements had smaller returns for 1956-57 and larger returns for 1957-58 than those shown in table 14.

Prices and Margins for Late-Crop Potatoes

The 1957 late potato crop was smaller than the 1956 crop and prices at the beginning of the 1957-58 marketing season were moderately higher than a year earlier. Disappearance of late-crop potatoes was unusually high during December and January. Furthermore, the adverse effects of freezing and wet weather on the production of Florida winter and early spring potatoes became apparent during January and February. The reduced stocks of late-crop potatoes, Florida's small winter crop, and delay in the early spring crop were reflected in price advances beginning in February. Advancing prices attracted larger imports of Canadian potatoes and accelerated shipments from Maine and Idaho. Fewer potatoes were diverted to starch and stock feed. By April, it became clear that supplies were not as short as had been expected. This realization, plus the impending late spring crop, contributed to a sharp price decline during April.

Retail prices of late-crop potatoes in four major cities were 12 percent higher during the October 1957-April 1958 period than for the same period a year earlier (table 15). The largest increase was in Chicago where the retail price advanced 25 percent to \$7.39 per 100 pounds as compared with \$5.91 per 100 pounds during 1956-57. In addition to retail price advances for all potatoes in Chicago, the average retail price increased because the higher priced western Russet potatoes made up a large proportion of the total potato volume marketed in Chicago during the 1957-58 season. Retail prices in Los Angeles were higher than in any of the other three cities during both seasons. Retail price increases averaged 4 percent in Los Angeles, 12 percent in Atlanta, and 16 percent in New York City.

The total marketing margin was highest for late-crop potatoes marketed in Los Angeles and lowest for those marketed in New York City during both the 1956-57 and 1957-58 seasons. This is due mainly to the preponderance of higher priced Long White and Russet types of potatoes marketed in Los Angeles and to the large percentage of lower priced round-white varieties marketed in New York City. Total marketing margins for potatoes marketed in the four cities changed little between the two seasons. The largest change was a 10 percent increase in Chicago, resulting to some extent from the increased proportion of western Russets in the market. Changes for the other three cities were increases of 3 percent for Atlanta and 1 percent for New York City and a decrease of 3 percent for Los Angeles.

Table 15.- Late-crop potatoes: Retail prices, marketing margins, and grower returns for 100 pounds, four major cities, October-April 1956-57 and 1957-58

Item	Atlanta	Chicago	Los Angeles	New York City	4-City average
	Dollars	Dollars	Dollars	Dollars	Dollars
<u>1956-57</u>					
Retail price <u>1/</u>	6.13	5.91	7.67	5.56	6.38
Marketing margin:					
Retail margin <u>2/</u>	2.77	2.58	4.33	2.54	3.16
Wholesale margin <u>3/</u> .....	.27	.49	.42	.28	.38
Transportation charges <u>4/</u>	1.06	1.09	.50	.94	.84
Packer margin <u>5/</u> .....	.62	.66	.68	.46	.59
Total	4.72	4.82	5.93	4.22	4.97
Return to grower <u>6/</u>	1.41	1.09	1.74	1.34	1.41
<u>1957-58</u>					
Retail price <u>1/</u>	6.87	7.39	7.99	6.45	7.17
Marketing margin:					
Retail margin <u>2/</u>	2.87	3.04	4.13	2.63	3.20
Wholesale margin <u>3/</u> .....	.19	.32	.40	.30	.33
Transportation charges <u>4/</u>	1.16	1.23	.53	.86	.87
Packer margin <u>5/</u> .....	.65	.71	.69	.47	.60
Total	4.87	5.30	5.75	4.26	5.00
Returns to grower <u>6/</u>	2.00	2.09	2.24	2.19	2.17

1/ Weighted average price for first 3 days of the week containing the 15th of each month, Bur. of Labor Statistics.

2/ Weighted average retail price less weighted average l.c.l. wholesale price for Tuesday of the week containing the 8th of each month.

3/ Weighted average l.c.l. wholesale price less weighted average transportation charges and f.o.b. shipping-point prices, lagged to allow physical movement through marketing channels.

4/ Weighted average rail freight and truck transportation charges from applicable shipping points, including 3 percent Federal transportation tax.

5/ Weighted average f.o.b. shipping-point price less weighted average price to grower.

6/ Weighted average price to grower, lagged to allow physical movement through marketing channels.

The retail margin was the largest component of the total marketing margin and accounted for most of the change in total margin from 1956-57 to 1957-58. The retail margin increased 18 percent in Chicago, 4 percent in Atlanta, and 4 percent in New York City, and decreased 5 percent in Los Angeles.

Average shipping-point-to-terminal transportation charges increased from 1956-57 to 1957-58 for late-crop potatoes marketed in Atlanta, Chicago, and Los Angeles and decreased for those sold in New York City. Higher transportation charges, to some extent, reflected increased transportation rates from some producing areas but were also due to larger shipments from the more distant areas. The decrease for New York City resulted from heavier loading of rail-cars from Maine, with a reduction in unit transportation charges. Also, there was a small increase in the proportion of Long Island potatoes marketed in New York City, with a reduction in the proportion of late-crop potatoes from the more distant producing areas.

Most of the retail price increase for the 1957-58 season was reflected in grower returns. Grower returns from late-crop potatoes marketed in the four cities averaged 54 percent higher for the 1957-58 season than for the previous season. The largest increase in grower returns was for potatoes marketed in Chicago, averaging 92 percent higher for the 1957-58 season than for the previous season. Although grower returns averaged higher for all potatoes marketed in Chicago during the 1957-58 season, the largest increase was for round-red potatoes. Increases in grower returns for the three other cities averaged 42 percent for Atlanta, 29 percent for Los Angeles, and 63 percent for New York City. The grower's share of the retail price for potatoes marketed in each of the four cities ranged from 28 to 34 percent for the 1957-58 season compared with 18 to 24 percent for 1956-57.

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: Publications issued by State Agricultural Experiment :
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Table 16.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1957 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket ^{3/}			1,007.41	—	—	401.46	605.95	40
Meat products			259.15	—	—	139.73	119.42	54
Dairy products			191.35	—	—	88.25	103.10	46
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	93.92	—	—	57.39	36.53	61
Bakery and cereal products	Farm produce equivalent to products bought by urban families							
All ingredients			156.69	—	—	32.14	124.55	21
Grain			—	27.28	3.34	23.94	—	15
All fruits and vegetables			218.72	—	—	62.23	156.49	28
Fresh fruits and vegetables			130.37	—	—	44.76	85.61	34
Fresh vegetables			66.34	—	—	20.81	45.53	31
Processed fruits and vegetables			88.35	—	—	17.48	70.87	20
Fats and oils			45.36	—	—	14.48	30.88	32
Miscellaneous products			42.23	—	—	7.24	34.99	17
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	70.6	46.9	3.9	43.0	27.6	61
Lamb (Choice grade)	2.37 lb. lamb	Pound	68.5	47.1	8.3	38.8	29.7	57
Pork (retail cuts)	2.13 lb. hogs	Pound	60.2	38.9	5.7	33.2	27.0	55
Butter	Cream and whole milk	Pound	74.3	—	—	51.7	22.6	70
Cheese, American process	Milk for American cheese	Pound	57.6	—	—	28.8	28.8	50
Ice cream	Cream and milk	Pint	29.4	—	—	4/5.6	23.8	19
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	14.6	—	—	6.3	8.3	43
Milk, fluid	Wholesale fluid milk	Quart	24.2	—	—	10.9	13.3	45
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	47.9	—	—	25.9	22.0	54
Eggs	1.03 doz.	Dozen	54.9	—	—	36.6	18.3	67
Bread, white								
All ingredients	Wheat and other ingredients	Pound	18.8	—	—	3.2	15.6	17
Wheat .....	.894 lb. wheat	Pound	—	2.9	.3	2.6	—	14
Crackers, soda	1.40 lb. wheat	Pound	28.9	4.6	.5	4.1	24.8	14
Corn flakes	1.57 lb. white corn	12 ounces	23.2	4.2	1.1	3.1	20.1	13
Corn meal	1.34 lb. white corn	Pound	12.7	3.6	.4	3.2	9.5	25
Flour, white	7.0 lb. wheat	5 pounds	54.6	23.0	2.6	20.4	34.2	37
Rollod oats	2.31 lb. oats	18 ounces	5/19.8	5/4.8	5/5.8	5/4.0	5/15.8	20
Apples	1.08 lb. apples	Pound	16.9	—	—	7.2	9.7	43
Grapefruit ^{6/}	1.04 grapefruit	Each	11.4	—	—	2.1	9.3	18
Lemons	1.04 lb. lemons	Pound	19.1	—	—	4.7	14.4	25
Oranges	1.04 doz. oranges	Dozen	57.9	—	—	17.8	40.1	31
Beans, green	1.09 lb. snap beans	Pound	24.8	—	—	10.7	14.1	43
Cabbage	1.10 lb. cabbage	Pound	8.7	—	—	2.4	6.3	28
Carrots	1.06 lb. carrots	Pound	14.9	—	—	3.9	11.0	26
Celery	1.11 lb. celery	Pound	15.1	—	—	4.4	10.7	29
Lettuce	1.41 lb. lettuce	Head	17.4	—	—	6.0	11.4	34
Onions	1.06 lb. onions	Pound	9.5	—	—	3.0	6.5	32
Potatoes	10.42 lb. potatoes	10 pounds	57.1	—	—	15.7	41.4	27
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	14.7	—	—	5.0	9.7	34
Tomatoes	1.18 lb. tomatoes	Pound	29.5	—	—	9.9	19.6	34
Orange juice, canned	5.83 lb. Fla. oranges for canning	46 ounce can	35.4	—	—	10.3	25.1	29
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	34.6	—	—	6.4	28.2	18
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	14.7	—	—	2.4	12.3	16
Corn, canned	2.49 lb. sweet corn	No. 303 can	17.2	—	—	2.5	14.7	15
Peas, canned .....	.69 lb. peas for canning	No. 303 can	21.5	—	—	3.1	18.4	14
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.0	—	—	2.4	12.6	16
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	18.3	—	—	6.2	12.1	34
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	26.5	—	—	6.2	20.3	23
Beans, green, frozen .....	.71 lb. beans for processing	9 ounces	5/21.6	—	—	5/4.5	5/17.1	21
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	19.7	—	—	3.3	16.4	17
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	16.1	—	—	6.8	9.3	42
Dried prunes .....	.97 lb. dried prunes	Pound	33.9	—	—	9.5	24.4	28
Margarine, colored	Soybeans, cottonseed, and milk	Pound	29.9	—	—	9.4	20.5	31
Peanut butter	1.77 lb. peanuts	Pound	53.6	—	—	19.2	34.4	36
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	37.2	—	—	7.6	29.6	20
Vegetable shortening	Soybeans and cottonseed	3 pounds	98.1	—	—	33.9	64.2	35
Corn sirup	1.90 lb. corn	24 ounces	24.8	3.9	.8	3.1	21.7	13
Sugar	35.73 lb. sugar beets	5 pounds	55.2	21.1	1.1	7/20.0	7/35.2	36

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957. Most of the data in this table are revisions of previous estimates.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ from sum of product group totals because of rounding of averages.

^{4/} Includes farm value of cream and milk only.

^{5/} Data for this item revised because of change in retail unit.

^{6/} 7-month average.

^{7/} Net farm value adjusted for Government payments to producer was 24.3 cents, farm-retail spread adjusted for Government processor tax 32.4 cents, farmer's share of retail cost based on adjusted farm value was 44 percent.

Table 17.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1958 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket ^{3/}			1,064.42	—	—	426.58	637.85	40
Meat products			292.02	—	—	163.89	128.13	56
Dairy products			194.04	—	—	86.98	107.06	45
Poultry and eggs		Average quantities purchased	96.50	—	—	59.00	37.50	61
Bakery and cereal products	Farm produce equivalent	per urban wage-earner and clerical-worker family in 1952	159.84	—	—	29.91	129.93	19
All ingredients	to products bought by urban families		—	25.08	3.06	22.02	—	14
Grain			233.67	—	—	67.37	166.30	29
All fruits and vegetables			139.67	—	—	50.13	89.54	36
Fresh fruits and vegetables			70.08	—	—	22.97	47.11	33
Fresh vegetables			94.00	—	—	17.24	76.76	18
Processed fruits and vegetables			44.90	—	—	12.22	32.68	27
Fats and oils			43.46	—	—	7.20	36.26	17
Miscellaneous products								
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	81.0	54.4	4.4	50.0	31.0	62
Lamb (Choice grade)	2.37 lb. lamb	Pound	74.5	49.6	6.8	42.8	31.7	57
Pork (retail cuts)	2.13 lb. hogs	Pound	64.8	43.3	6.2	37.1	27.7	57
Butter	Cream and whole milk	Pound	74.2	—	—	51.1	23.1	69
Cheese, American process	Milk for American cheese	Pound	58.0	—	—	28.1	29.9	48
Ice cream	Cream and milk	Pint	29.7	—	—	4/5.5	24.2	19
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.1	—	—	6.2	8.9	41
Milk, fluid	Wholesale fluid milk	Quart	24.5	—	—	10.7	13.8	44
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	47.4	—	—	25.5	21.9	54
Eggs	1.03 doz.	Dozen	58.0	—	—	38.6	19.4	67
Bread, white								
All ingredients	Wheat and other ingredients	Pound	19.3	—	—	3.0	16.3	16
Wheat .....	.894 lb. wheat	Pound	—	2.7	.3	2.4	—	12
Crackers, soda	1.40 lb. wheat	Pound	29.2	4.2	.5	3.7	25.5	13
Corn flakes	1.57 lb. white corn	12 ounces	25.4	4.3	1.2	3.1	22.3	12
Corn meal	1.34 lb. white corn	Pound	12.9	3.6	.4	3.2	9.7	25
Flour, white	7.0 lb. wheat	5 pounds	55.2	20.9	2.4	18.5	36.7	34
Feed oats	2.31 lb. oats	18 ounces	20.3	4.2	.6	3.6	16.7	18
Apples	1.08 lb. apples	Pound	15.5	—	—	6.1	9.4	39
Grapefruit ^{5/}	1.04 grapefruit	Each	13.7	—	—	3.2	10.5	23
Lemons	1.04 lb. lemons	Pound	18.6	—	—	4.5	14.1	24
Oranges	1.04 doz. oranges	Dozen	76.7	—	—	30.2	46.5	39
Beans, green	1.09 lb. snap beans	Pound	26.0	—	—	11.9	14.1	46
Cabbage	1.10 lb. cabbage	Pound	8.9	—	—	2.3	6.6	26
Carrots	1.06 lb. carrots	Pound	14.6	—	—	3.7	10.9	25
Celery	1.11 lb. celery	Pound	16.0	—	—	5.1	10.9	32
Lettuce	1.41 lb. lettuce	Head	17.0	—	—	5.5	11.5	32
Onions	1.06 lb. onions	Pound	10.0	—	—	3.3	6.7	33
Potatoes	10.42 lb. potatoes	10 pounds	62.5	—	—	19.0	43.5	30
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	15.9	—	—	5.3	10.6	33
Tomatoes	1.13 lb. tomatoes	Pound	32.2	—	—	11.6	20.6	36
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	39.8	—	—	7.9	31.9	20
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	34.2	—	—	6.1	28.1	18
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	15.1	—	—	2.7	12.4	18
Corn, canned	2.49 lb. sweet corn	No. 303 can	17.7	—	—	2.4	15.3	14
Peas, canned .....	.69 lb. peas for canning	No. 303 can	21.1	—	—	3.1	18.0	15
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	17.0	—	—	2.3	14.7	14
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	27.0	—	—	7.9	19.1	29
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	26.4	—	—	5.3	21.1	20
Beans, green, frozen .....	.71 lb. beans for processing	9 ounces	23.1	—	—	4.4	18.7	19
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	19.6	—	—	3.2	16.4	16
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	18.0	—	—	7.8	10.2	43
Dried prunes .....	.97 lb. dried prunes	Pound	33.9	—	—	10.2	23.7	30
Margarine, colored	Soybeans, cottonseed, and milk	Pound	29.4	—	—	7.3	22.1	25
Peanut butter	1.77 lb. peanuts	Pound	55.5	—	—	18.6	36.9	34
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	37.8	—	—	6.8	31.0	18
Vegetable shortening	Soybeans and cottonseed	3 pounds	94.4	—	—	26.4	68.0	28
Corn sirup	1.90 lb. corn	24 ounces	25.8	3.6	.7	2.9	22.9	11
Sugar	37.74 lb. sugar beets	5 pounds	56.3	21.2	1.1	6/20.1	6/36.2	36

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ from sum of product group totals because of rounding of averages.

^{4/} Includes farm value of cream and milk only.

^{5/} 7-month average.

^{6/} Net farm value adjusted for Government payments to producer was 24.5 cents, farm-retail spread adjusted for Government processor tax 33.5 cents, farmer's share of retail cost based on adjusted farm value was 44 percent.

Preliminary estimates.

Table 18.- Farm food products: Retail cost and farm value, October-December 1958, July-September 1958, October-December 1957, and 1947-49 average ^{1/}

Product ^{2/}	Retail unit	Retail cost						Net farm value ^{3/}					
		Oct.-		July-		Oct.-		Oct.-		July-		Oct.-	
		Dec.		Sept.		Dec.		Dec.		Dec.		Dec.	
		1958		1958		1957		1958		1958		1957	
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket ^{6/} .....	(	1,049.29	1,068.29	(1,015.07	940.09	-2	3	405.91	5/419.94	407.96	466.02	-3	-1
Meat products .....	(	288.80	298.78	262.79	256.08	-3	10	156.38	5/164.47	144.58	170.90	-5	8
Dairy products .....	(	195.55	193.00	195.96	169.28	1	7/	88.35	5/86.32	90.97	91.66	2	-3
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	94.32	97.52	100.73	117.01	-3	-6	55.60	58.79	63.64	80.69	-5	-13
Bakery and cereal products	(	160.97	159.91	5/158.09	121.96	1	2	28.37	5/28.69	31.61	34.97	-1	-10
All ingredients	(	---	---	---	---	---	---	20.75	20.79	23.89	24.96	7/	-13
Grain .....	(	221.35	230.46	210.10	184.68	-4	5	58.62	5/62.66	56.71	60.93	-6	3
All fruits and vegetables	(	124.48	134.90	122.29	103.91	-8	2	40.49	45.46	39.78	42.91	-11	2
Fresh fruits and vegetables	(	59.95	61.97	63.99	53.17	-3	-6	17.53	17.20	20.41	22.97	2	-14
Fresh vegetables	(	96.87	95.56	87.81	---	1	10	18.13	5/17.20	16.93	---	5	7
Processed fruits and vegetables	(	44.73	44.83	45.00	52.21	7/	-1	11.48	5/11.72	13.33	19.84	-2	-14
Fats and oils .....	(	43.59	43.78	42.41	38.87	7/	3	7.11	5/7.29	7.12	7.03	-2	7/
Miscellaneous products	(
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef (Choice grade)	Pound	80.9	81.3	73.1	68.5	7/	11	48.9	48.2	46.3	48.5	1	6
Lamb (Choice grade)	Pound	74.4	75.7	70.1	63.9	-2	6	41.2	43.7	39.7	44.2	-6	4
Pork (retail cuts)	Pound	62.3	67.5	59.2	59.4	-8	5	33.5	39.0	32.0	39.7	-14	5
Butter	Pound	74.5	73.9	75.1	79.4	1	-1	51.5	5/50.8	51.8	59.3	1	-1
Cheese, American process	Pound	57.9	57.8	57.9	52.6	7/	0	28.4	5/27.7	29.0	32.0	3	-2
Ice cream	Pint	29.7	29.7	29.5	---	0	1	8/5.5	8/5.4	8/5.6	---	2	-2
Milk, evaporated	14 1/2 ounce can	15.1	15.1	14.7	13.7	0	3	6.2	6.1	6.3	7.1	2	-2
Milk, fluid	Quart	24.8	24.4	25.0	20.1	2	-1	11.0	10.7	11.4	10.6	3	-4
Chickens, frying, ready-to-cook	Pound	43.6	47.4	45.0	---	-8	-3	21.4	24.7	23.0	---	-13	-7
Eggs	Dozen	59.1	59.0	64.5	66.7	7/	-8	38.7	39.1	45.6	48.0	-1	-15
Bread, white													
All ingredients	Pound	19.6	19.3	19.0	13.5	2	3	2.8	2.8	3.2	3.3	0	-12
Wheat	Pound	---	---	---	---	---	---	2.3	2.2	2.6	2.7	5	-12
Crackers, soda	Pound	29.2	29.2	29.1	---	0	7/	3.5	3.4	4.1	---	3	-15
Corn flakes	12 ounces	25.7	25.5	23.7	17.1	1	8	2.4	3.5	3.2	3.2	-31	-25
Corn meal	Pound	12.9	12.9	12.8	11.8	0	1	2.4	3.6	3.3	3.6	-33	-27
Flour, white	5 pounds	54.8	55.0	54.8	48.4	7/	0	17.6	17.2	20.3	21.0	2	-13
Rolls oats	18 ounces	20.4	20.3	20.1	14.5	7/	1	3.5	3.4	3.8	4.9	3	-8
Apples	Pound	12.1	9/	12.4	11.9	-32	-2	5.1	9/	4.9	5.4	-19	4
Grapefruit ^{10/}	Each	13.5	---	5/10.9	8.5	-5	24	3.0	---	2.1	1.4	-17	43
Lemons	Pound	18.6	17.9	18.9	17.7	4	-2	4.2	4.5	4.0	5.7	-7	5
Oranges	Dozen	82.6	82.5	61.2	46.6	7/	35	28.1	36.5	16.4	12.6	-23	71
Beans, green	Pound	22.1	18.8	23.1	21.1	18	-4	9.3	8.1	8.9	9.3	15	4
Cabbage	Pound	7.2	7.2	8.0	6.9	0	-10	1.7	1.8	2.1	1.9	-6	-19
Carrots	Pound	13.8	14.9	16.5	11.1	-7	-16	3.1	4.5	5.1	4.0	-31	-39
Celery	Pound	14.0	15.2	13.4	---	-8	4	3.8	3.9	3.3	---	-3	15
Lettuce	Head	16.0	15.6	17.5	14.5	3	-9	5.3	4.0	5.8	6.3	33	-9
Onions	Pound	9.1	9.5	8.2	8.4	-4	11	2.9	2.5	2.2	3.7	16	32
Potatoes	10 pounds	50.1	59.6	56.7	51.9	-16	-12	11.6	14.7	16.7	25.6	-21	-31
Sweetpotatoes	Pound	13.2	17.1	12.8	11.6	-23	3	4.1	4.6	4.4	4.8	-11	-7
Tomatoes	Pound	27.2	21.4	27.5	---	27	-1	9.3	6.7	10.6	---	39	-12
Orange juice, canned	46 ounce can	45.8	41.6	33.9	---	10	35	9.9	7.3	9.5	---	36	4
Peaches, canned	No. 2-1/2 can	34.7	34.0	34.4	31.5	2	1	6.2	6.1	6.0	5.3	2	3
Beans with pork, canned	16 ounce can	15.2	15.1	14.8	---	1	3	2.2	2.8	2.6	---	-21	-15
Corn, canned	No. 303 can	18.1	17.7	17.3	16.7	2	5	2.3	5/2.3	2.4	2.7	0	-4
Peas, canned	No. 303 can	21.1	21.1	21.4	21.4	0	-1	3.0	5/3.1	3.1	3.0	-3	-3
Tomatoes, canned	No. 303 can	16.3	17.5	15.3	14.2	-7	7	2.4	2.3	2.3	2.6	4	4
Orange juice concentrate, frozen	6 ounce can	28.9	28.7	18.2	---	1	59	8.7	8.7	5.9	---	0	47
Strawberries, frozen	10 ounces	26.3	26.4	25.6	---	7/	3	6.1	5.7	4.7	---	7	30
Beans, green, frozen	10 ounces	23.1	23.2	22.2	---	7/	4	4.3	4.4	4.4	---	-2	-2
Peas, frozen	9 ounces	19.9	19.6	19.6	---	2	2	3.1	5/3.1	3.2	---	0	-3
Dried beans (navy)	Pound	18.0	19.0	16.4	19.9	-5	10	6.2	8.0	7.3	9.7	-22	-15
Dried prunes	Pound	36.1	33.5	33.0	23.1	8	9	13.4	9.1	9.3	8.8	47	44
Margarine, colored	Pound	29.1	29.1	29.7	39.7	0	-2	6.7	6.6	8.7	12.2	2	-23
Peanut butter	Pound	56.7	56.4	53.8	---	1	5	18.8	19.2	18.5	---	-2	2
Salad dressing	Pint	37.9	37.8	37.4	37.8	7/	1	6.6	6.5	7.1	10.0	2	-7
Vegetable shortening	3 pounds	92.9	93.8	95.8	105.6	-1	-3	24.3	5/24.3	31.4	46.2	1	-23
Corn sirup	24 ounces	26.2	26.0	25.0	---	1	5	2.8	3.2	2.7	---	-12	4
Sugar	5 pounds	56.9	56.8	55.5	48.4	7/	3	20.1	5/20.1	20.1	19.4	0	0

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

^{4/} Preliminary estimates.

^{5/} Most retail cost figures for July-Sept. 1958 and net farm value figures for Oct.-Dec. 1957 have been revised; figures in other columns revised as indicated.

^{6/} Sum of product groups may differ slightly from market basket total because of rounding of averages.

^{7/} Less than 0.5 percent.

^{8/} Farm values of cream and milk only.

^{9/} Insufficient data.

^{10/} 2-month average.

Table 19.- Farm food products: Farm-retail spread and farmer's share of the retail cost, October-December 1958, July-September 1958, October-December 1957, and 1947-49 average 1/

Product 2/	Retail unit	Farm-retail spread 3/						Farmer's share					
		Oct.-	July-	Oct.-	1947-49	Percentage change		Oct.-	July-	Oct.-	1947-49		
		Dec.	Sept.	Dec.	average	from -		Dec.	Sept.	Dec.	average		
		1958	1958	1957		July- Sept. 1958	Oct.- Dec. 1957	1958	1958	1957			
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent		
Market basket 6/		643.38	648.35	607.11	474.07	-1	6	39	39	40	50		
Meat products		132.42	134.31	118.21	85.18	-1	12	54	55	55	67		
Dairy products		107.20	106.68	104.99	77.62	7/	2	45	45	46	54		
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	38.72	38.73	37.09	36.32	7/	4	59	5/60	63	69		
Bakery and cereal products		132.60	131.22	126.48	86.99	1	5	18	18	20	29		
All ingredients		---	---	---	---	---	---	13	13	15	20		
Grain		162.73	167.80	153.39	123.75	-3	6	26	27	27	33		
Fresh fruits and vegetables		83.99	89.44	82.51	61.00	-6	2	33	34	33	41		
Fresh vegetables		42.42	44.77	43.58	30.20	-5	-3	29	5/28	32	43		
Processed fruits and vegetables		78.74	78.36	70.88	---	7/	11	19	18	19	---		
Fats and oils		33.25	33.11	31.67	32.37	7/	5	26	26	30	38		
Miscellaneous products		36.48	36.49	35.29	31.84	7/	3	16	17	17	18		
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent		
Beef (Choice grade)	Pound	32.0	33.1	26.8	20.0	-3	19	60	59	63	71		
Lamb (Choice grade)	Pound	33.2	32.0	30.4	19.7	4	9	55	58	57	69		
Pork (retail cuts)	Pound	28.8	28.5	27.2	19.7	1	6	54	5/58	54	67		
Butter	Pound	23.0	23.1	23.3	20.1	7/	-1	69	69	69	75		
Cheese, American process	Pound	29.5	30.1	28.9	20.6	-2	2	49	48	50	61		
Ice cream	Pint	24.2	24.3	23.9	---	7/	1	19	18	19	---		
Milk, evaporated 14 1/2 ounce can		8.9	9.0	8.4	6.6	-1	6	41	40	43	52		
Milk, fluid	Quart	13.8	13.7	13.6	9.5	1	1	44	44	46	53		
Chickens, frying, ready-to-cook	Pound	22.2	22.7	22.0	---	-2	1	49	52	51	---		
Eggs	Dozen	20.4	19.9	18.9	18.7	3	8	65	5/66	71	72		
Bread, white		16.8	16.5	15.8	10.2	2	6	14	15	17	24		
All ingredients	Pound	---	---	---	---	---	---	12	11	14	20		
Wheat	Pound	25.7	25.8	25.0	---	7/	3	12	12	14	---		
Crackers, soda	Pound	23.3	22.0	20.5	13.9	6	14	9	14	14	19		
Corn flakes	12 ounces	10.5	9.3	9.5	8.2	13	11	19	28	26	31		
Corn meal	Pound	37.2	37.8	34.5	27.4	-2	8	32	31	37	43		
Flour, white	5 pounds	16.9	16.9	16.3	9.6	0	4	17	17	19	34		
Rolled oats	18 ounces	7.0	8/	7.5	6.5	-39	-7	42	8/	40	45		
Apples	Pound	10.5	---	8.8	7.1	-1	19	22	---	5/19	16		
Grapefruit 9/	Each	14.4	13.4	14.9	12.0	7	-3	23	25	21	32		
Lemons	Pound	54.5	46.0	44.8	34.0	18	22	34	44	27	27		
Oranges	Dozen	12.8	10.7	14.2	11.8	20	-10	42	5/43	39	44		
Beans, green	Pound	5.5	5.4	5.9	5.0	2	-7	24	25	26	28		
Cabbage	Pound	10.7	10.4	11.4	7.1	3	-6	22	5/30	31	36		
Carrots	Pound	10.2	11.3	10.1	---	-10	1	27	5/26	25	---		
Celery	Pound	10.7	11.6	11.7	8.2	-8	-9	33	5/26	33	43		
Lettuce	Head	6.2	7.0	6.0	4.7	-11	3	32	26	27	44		
Onions	Pound	38.5	44.9	40.0	26.3	-14	-4	23	5/25	5/29	49		
Potatoes	10 pounds	9.1	12.5	8.4	6.8	-27	8	31	5/27	34	41		
Sweetpotatoes	Pound	17.9	14.7	16.9	---	22	6	34	31	39	---		
Tomatoes	Pound	35.9	34.3	24.4	---	5	47	22	18	28	---		
Orange juice, canned 46 ounce can		28.5	27.9	28.4	26.2	2	7/	18	18	17	17		
Peaches, canned	No. 2-1/2 can	13.0	12.3	12.2	---	6	7	14	19	18	---		
Beans with pork, canned 16 ounce can		15.8	15.4	14.9	14.0	3	6	13	5/13	14	16		
Corn, canned No. 303 can		18.1	18.0	18.3	18.4	1	-1	14	5/15	14	14		
Peas, canned No. 303 can		13.9	15.2	13.0	11.6	-9	7	15	13	15	18		
Tomatoes, canned No. 303 can		20.2	20.0	12.3	---	1	64	30	30	32	---		
Orange juice concentrate, frozen 6 ounce can		20.2	20.7	20.9	---	-2	-3	23	22	18	---		
Strawberries, frozen 10 ounces		18.8	18.8	17.8	---	0	6	19	19	20	---		
Beans, green, frozen 9 ounces		16.8	16.5	16.4	---	2	2	16	16	16	---		
Peas, frozen 10 ounces		11.8	11.0	9.1	10.2	7	30	34	42	45	49		
Dried beans (navy)	Pound	22.7	24.4	23.7	14.3	-7	-4	37	27	28	38		
Dried prunes	Pound	22.4	22.5	21.0	27.5	7/	7	23	23	29	31		
Margarine, colored	Pound	37.9	37.2	35.3	---	2	7	33	34	34	---		
Peanut butter	Pint	31.3	31.3	30.3	27.8	0	3	17	17	19	26		
Salad dressing	3 pounds	68.6	69.7	64.4	59.4	-2	7	26	26	33	44		
Vegetable shortening		23.4	22.8	22.3	---	3	5	11	12	11	---		
Corn sirup	24 ounces	36.8	36.7	35.4	29.0	7/	4	35	35	36	40		
Sugar	5 pounds												

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ The farm-retail spread is the difference between the retail cost and the net farm value, table 18.

4/ Preliminary estimates.

5/ Most farm-retail spread figures for July-Sept. 1958 and Oct.-Dec. 1957 have been revised; figures in other columns revised as indicated.

6/ Sum of product groups may differ slightly from market basket total because of rounding of averages.

7/ Less than 0.5 percent.

8/ Insufficient data.

9/ 2-month average

Table 20.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, October-December 1958 1/

Product 2/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket 3/			1,049.29	---	---	405.91	643.38	39
Meat products			288.80	---	---	156.38	132.42	54
Dairy products			195.55	---	---	88.35	107.20	45
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	94.32	---	---	55.60	38.72	59
Bakery and cereal products	Farm produce equivalent to products bought by urban families		160.97	---	---	23.37	132.60	18
All ingredients			---	23.97	3.22	20.75	---	13
Grain			---	---	---	---	---	---
All fruits and vegetables			221.35	---	---	58.62	162.73	26
Fresh fruits and vegetables			124.48	---	---	40.49	83.99	33
Fresh vegetables			59.95	---	---	17.53	42.42	29
Processed fruits and vegetables			96.87	---	---	18.13	78.74	19
Fats and oils			44.73	---	---	11.48	33.25	26
Miscellaneous products			43.59	---	---	7.11	36.48	16
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	80.9	53.4	4.5	48.9	32.0	60
Lamb (Choice grade)	2.38 lb. lamb	Pound	74.4	47.6	6.4	41.2	33.2	55
Pork (retail cuts)	2.13 lb. hogs	Pound	62.3	39.1	5.6	33.5	28.8	54
Butter	Cream and whole milk	Pound	74.5	---	---	51.5	23.0	69
Cheese, American process	Milk for American cheese	Pound	57.9	---	---	28.4	29.5	49
Ice cream	Cream and milk	Pint	29.7	---	---	4/5.5	24.2	19
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.1	---	---	6.2	8.9	41
Milk, fluid	Wholesale fluid milk	Quart	24.8	---	---	11.0	13.8	44
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	43.6	---	---	21.4	22.2	49
Eggs	1.03 doz.	Dozen	59.1	---	---	38.7	20.4	65
Bread, white								
All ingredients	Wheat and other ingredients	Pound	19.6	---	---	2.8	16.8	14
Wheat	.894 lb. wheat	Pound	---	2.6	.3	2.3	---	12
Crackers, soda	1.40 lb. wheat	Pound	29.2	4.0	.5	3.5	25.7	12
Corn flakes	1.57 lb. white corn	12 ounces	25.7	3.2	.8	2.4	23.3	9
Corn meal	1.34 lb. white corn	Pound	12.9	2.7	.3	2.4	10.5	19
Flour, white	.70 lb. wheat	5 pounds	54.8	20.2	2.6	17.6	37.2	32
Polled oats	2.31 lb. oats	18 ounces	20.4	4.1	.6	3.5	16.9	17
Apples	1.08 lb. apples	Pound	12.1	---	---	5.1	7.0	42
Grapefruit 5/	1.04 grapefruit	Each	13.5	---	---	3.0	10.5	22
Lemons	1.04 lb. lemons	Pound	18.6	---	---	4.2	14.4	23
Oranges	1.04 doz. oranges	Dozen	82.6	---	---	28.1	54.5	34
Beans, green	1.09 lb. snap beans	Pound	22.1	---	---	9.3	12.8	42
Cabbage	1.10 lb. cabbage	Pound	7.2	---	---	1.7	5.5	24
Carrots	1.06 lb. carrots	Pound	13.3	---	---	3.1	10.7	22
Celery	1.11 lb. celery	Pound	14.0	---	---	3.8	10.2	27
Lettuce	1.41 lb. lettuce	Head	16.0	---	---	5.3	10.7	33
Onions	1.06 lb. onions	Pound	9.1	---	---	2.9	6.2	32
Potatoes	10.42 lb. potatoes	10 pounds	50.1	---	---	11.6	38.5	23
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	13.2	---	---	4.1	9.1	31
Tomatoes	1.18 lb. tomatoes	Pound	27.2	---	---	9.3	17.9	34
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	45.8	---	---	9.9	35.9	22
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	34.7	---	---	6.2	28.5	18
Beans with pork, canned	.35 lb. Mich. dry beans	16 ounce can	15.2	---	---	2.2	13.0	14
Corn, canned	2.49 lb. sweet corn	No. 303 can	18.1	---	---	2.3	15.8	13
Peas, canned	.69 lb. peas for canning	No. 303 can	21.1	---	---	3.0	18.1	14
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	16.3	---	---	2.4	13.9	15
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	28.9	---	---	8.7	20.2	30
Strawberries, frozen	.51 lb. strawberries for processing	10 ounces	26.3	---	---	6.1	20.2	23
Beans, green, frozen	.71 lb. beans for processing	9 ounces	23.1	---	---	4.3	18.8	19
Peas, frozen	.70 lb. peas for freezing	10 ounces	19.9	---	---	3.1	16.8	16
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	18.0	---	---	6.2	11.8	34
Dried prunes	.97 lb. dried prunes	Pound	36.1	---	---	13.4	22.7	37
Margarine, colored	Soybeans, cottonseed, and milk	Pound	29.1	---	---	6.7	22.4	23
Peanut butter	1.77 lb. peanuts	Pound	56.7	---	---	18.8	37.9	33
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	37.9	---	---	6.6	31.3	17
Vegetable shortening	Soybeans and cottonseed	3 pounds	92.9	---	---	24.3	68.6	26
Corn sirup	1.90 lb. corn	24 ounces	26.2	3.4	.6	2.8	23.4	11
Sugar	37.33 lb. sugar beets	5 pounds	56.9	21.2	1.1	6/20.1	6/36.8	35

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ Market basket total may differ from sum of product group totals because of rounding of averages.

4/ Includes farm value of cream and milk only.

5/ 2-month average.

6/ Net farm value adjusted for Government payments to producer was 24.5 cents, farm-retail spread adjusted for Government processor tax was 34.1 cents, farmer's share of retail cost based on adjusted farm value was 43 percent.

Preliminary estimates.

Table 21.- The farm food market basket: Revised quarterly data for 1957

Item and period	Retail cost	Gross farm value	Net farm value	Farm retail spread	Farmer's share
	Dollars	Dollars	Dollars	Dollars	Percent
Market basket					
Jan.-Mar.	982.09	---	386.74	595.35	---
Apr.-June	---	---	396.35	605.72	---
July-Sept.	---	---	414.79	615.61	---
Oct.-Dec.	1,015.07	---	407.96	607.11	---
Meat products					
Jan.-Mar.	244.38	---	125.45	118.93	---
Oct.-Dec.	---	---	144.58	118.21	---
Dairy products					
Jan.-Mar.	---	---	88.67	101.09	---
Apr.-June	---	---	85.69	102.87	---
July-Sept.	---	---	87.65	103.45	---
Oct.-Dec.	---	---	90.97	104.99	---
Poultry and eggs					
Jan.-Mar.	---	---	54.35	36.50	---
Oct.-Dec.	---	---	63.64	37.09	---
Bakery and cereal products (all ingredients)					
Jan.-Mar.	---	---	33.46	121.35	---
Apr.-June	---	---	32.13	124.42	---
July-Sept.	---	---	31.36	125.94	---
Oct.-Dec.	158.09	---	---	126.48	---
Bakery and cereal products (grain)					
Jan.-Mar.	---	28.49	24.64	---	---
Oct.-Dec.	---	26.85	23.89	---	---
All fruits and vegetables					
Jan.-Mar.	---	---	62.01	152.69	---
July-Sept.	---	---	63.52	159.52	---
Oct.-Dec.	---	---	56.71	153.39	---
Fresh fruits and vegetables					
Oct.-Dec.	---	---	39.78	82.51	---
Fresh vegetables					
Oct.-Dec.	---	---	20.41	43.58	---
Processed fruits and vegetables					
Jan.-Mar.	---	---	17.82	71.61	---
July-Sept.	---	---	17.47	70.19	---
Oct.-Dec.	---	---	16.93	70.88	---

Continued -

Table 21.- The farm food market basket: Revised quarterly data for 1957 - Con.

Item and period	Retail cost	Gross farm value	Net farm value	Farm retail spread	Farmer's share
	Dollars	Dollars	Dollars	Dollars	Percent
Fats and oils					
Jan.-Mar.	---	---	15.73	29.97	---
Apr.-June	---	---	14.85	30.67	---
Oct.-Dec.	---	---	13.33	31.67	---
Miscellaneous products					
Jan.-Mar.	---	---	7.25	34.81	---
Apr.-June	---	---	7.29	34.89	---
July-Sept.	---	---	7.30	34.95	---
Oct.-Dec.	---	---	7.12	35.29	---
	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)					
Jan.-Mar.	---	41.4	37.9	28.5	57
Oct.-Dec.	---	50.2	46.3	26.8	---
Lamb (Choice grade)					
Jan.-Mar.	---	45.3	35.5	26.7	---
Pork					
Jan.-Mar.	---	36.6	30.8	26.0	---
Oct.-Dec.	---	37.1	32.0	27.2	---
Butter					
Jan.-Mar.	---	---	52.0	22.2	---
Apr.-June	---	---	51.5	22.4	---
July-Sept.	---	---	51.4	22.6	69
Oct.-Dec.	---	---	51.8	23.3	---
Cheese					
Jan.-Mar.	---	---	29.2	28.2	---
Apr.-June	---	---	28.5	29.0	---
Oct.-Dec.	---	---	29.0	28.9	---
Ice cream					
July-Sept.	---	---	5.5	24.0	---
Chickens, frying					
Jan.-Mar.	---	---	26.0	22.1	---
Oct.-Dec.	---	---	23.0	22.0	---
Eggs					
Jan.-Mar.	---	---	33.1	18.2	---

Continued -

Table 21.- The farm food market basket: Revised quarterly data for 1957 - Con.

Item and period	Retail cost	Gross farm value	Net farm value	Farm retail spread	Farmer's share
	Cents	Cents	Cents	Cents	Percent
Rolled oats					
Jan.-Mar.	---	5.3	4.3	15.0	22
Grapefruit ^{1/}					
Apr.-June	11.7	---	2.2	9.5	---
Oct.-Dec.	10.9	---	2.1	8.8	19
Beans, green					
Jan.-Mar.	---	---	13.4	16.9	---
Potatoes					
Oct.-Dec.	---	---	16.7	40.0	29
Peas, canned					
Jan.-Mar.	---	---	3.1	18.3	14
Beans, green, frozen					
July-Sept.	---	---	4.5	17.3	21
Dried prunes					
Oct.-Dec.	---	---	9.3	23.7	---
Margarine, colored					
Oct.-Dec.	---	---	8.7	21.0	---
Vegetable shortening					
Jan.-Mar.	---	---	36.7	63.3	---
Oct.-Dec.	---	---	31.4	64.4	---
Sugar ^{2/}					
Oct.-Dec.	---	21.2	20.1	35.4	---

^{1/} 2-month average.

^{2/} Revised net farm value adjusted for Government payments to producers, Jan.-Mar. 24.2, Apr.-June 24.2, July-Sept. 24.2, Oct.-Dec. 24.4; farm-retail spread adjusted for Government processor tax, Jan.-Mar. 31.9, Apr.-June 32.3, July-Sept. 32.8, Oct.-Dec. 32.7; farmer's share of retail cost based on adjusted farm value, Jan.-Mar. 44 pct., Apr.-June 44 pct., July-Sept. 44 pct., Oct.-Dec. 44 pct.

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